EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No. 30,615 Weekend August 13/August 14 1988 D 8523 A

WORLD NEWS

Sudan flood relief effort gathers pace

Relief supplies from abroad have begun pouring into Sudan to ease the plight of an estimated 1½m people made homeless by flooding, but relief officials in some affected areas said hardly any supplies had reached them. More flooding threatens the country next week, when the Nile reaches its annual flood peak.

Empire State fire

A fire at the top of New York's 1,472-foot high Empire State building was put out last night. It broke out on the 86th floor, then spread through a service shaft to the top, 102nd floor. No-one was hurt.

Afghan rebels advance

Rebels seized control of the northern provincial capital, Kunduz, as Soviet troops pulled out.

Sikh attack kills 8

Eight people were killed and 27 injured when a bomb planted by Sikh extremists exploded on a bus near the north Indian city of Chandigarh.

Cocal-Cola action

TUC general secretary Norman Willis invited two union for talks on Monday about their single-union row over a new Coca-Cola plant. Page 5

Move to speed justice

Home Secretary Douglas Hurd issued guidance to police, prosecutors and courts to speed procedures for bringing accused people to trial in England and Wales. Priority will go to cases involving vandalism, drunkenness, public disorder and many offences of violence.

Rover strike ends

Production of the Rover 200 series resumed at Austin Rover's Longbridge plant in Birmingham after a 24-hour stoppage over manning levels. The move came as the Industry Department formally announced completion of the sale of the Government's stake in Rover Group to British Aerospace.

Nurses' unions to meet

Nurses' unions are to meet on Tuesday to decide whether to resume talks with health managers about pay and regrading.

Lottery criticised

Dr Eamonn Casey, Roman Catholic Bishop of Galway, accused the Dublin Government of "trivialising" third world aid by funding an £85,000 donation to Sudan from Ireland's national lottery.

INLA man's funeral

INLA gunman James McPholomy, shot dead by soldiers as he prepared to attack at Northern Ireland border checkpoint, was buried without paramilitary display.

Belfast bomb

The Irish People's Liberation Organisation, an offshoot of the outlawed INLA, claimed it was responsible for a car bomb explosion near Belfast law courts. No-one was hurt.

Bavaria halts hearing

Bavaria's state government abruptly halted a public hearing of objections to the planned Wackersdorf commercial nuclear waste reprocessing plant. It said the hearing had fulfilled its task, but objectors branded the move "a crude legal violation".

EC cash for seals

The European Community is contributing the equivalent of about £32,200 to help fight the disease killing thousands of North Sea and Baltic seals.

Inglorious 12th

The first day of the grouse-shoooting season was marked by fears that parasitic worms may have affected birds on some estates, while hunt saboteurs claimed their presence halted shoots on three grouse moors. A tough commercial target, Page 4

BUSINESS SUMMARY

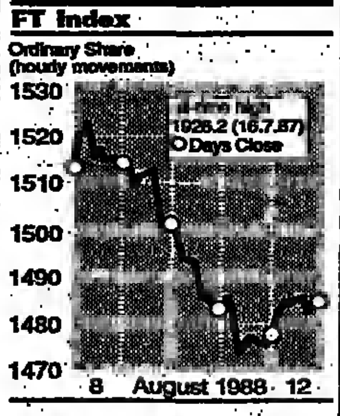
SAS to buy Argentine airline stake

Scandinavian Airlines System (SAS) agreed to pay $204m (£119m) for a 40 per cent shareholding in Aerolineas Argentinas, Argentine state-owned airline, after almost seven months of negotiations.

Under the agreement, which still has to be ratified by the Argentine Parliament, SAS will pay half the purchase price immediately and the balance over ten years. Back Page

FT ORDINARY Index: The FT 30 index closed up 7.2 at 1,484.8

FT Index



yesterday as the equity market rallied in thin trading at the end of the account. Page 12

MAXWELL Communication Corporation is going ahead with its tender offer of $80 (£47) a share for the common stock of MacMillan, US publisher. Page 10

POLAROID, instant photographic equipment group, received an improved takeover offer from investment group Shamrock Holdings, under which stockholders would receive a share in the proceeds of any recovery in Polaroid's litigation with Eastman Kodak. Page 10

BEECHAM GROUP, British pharmaceuticals and cosmetics concern, agreed to sell its Juvena cosmetics business for £22.4m. Page 8

BRITISH TELECOM plans two directory inquiry centres in Darlington and Durham to handle queries from London customers. The centres will create 80 jobs.

LONDON Stock Exchange: Wide spreads between buying and selling prices quoted by Stock Exchange firms making markets in equities are criticised in the exchange's quarterly Quality of Markets report. Page 4

HENRY ANSBACHER Holdings, merchant bank, has seen a breakdown in talks to merge its insurance broking arm, Seascope, with W.S. Moody Holdings, unquoted insurance broker which has a Lloyd's broking subsidiary. Page 8

GOODMAN FIELDER Wattie, Australasian foods company engaged in a £1.72bn bid battle with Ranks Hovis McDougall, has written to Norman Fowler, Secretary of State for Employment, claiming that the highly leveraged nature of its bid would not lead to assets sales and job losses. Page 8

PHILIPS of the Netherlands, electronics concern, may publicly float Consolidated Electronics, the US subsidiary it is creating. Page 10

SIR RON BRIERLEY, New Zealand entrepreneur, is reconsidering a merger between Brierley Investments, his Wellington-based master company, and the Australian arm, Industrial Equity. Page 10

SOUTH AFRICAN Government announced tighter import, credit and foreign exchange controls in a move to defend the country's balance of payments. Page 2

President Sein Lwin of Burma quits after five days of rioting

By **Richard Gourlay** in Bangkok

PRESIDENT SEIN LWIN, leader of Burma's socialist government, resigned yesterday from all party and state positions.

His action followed five days of nationwide riots in which diplomats say the army has killed up to 1,000 mainly unarmed demonstrators.

State-controlled radio said tha Burma Socialist Programme Party had accepted U Sein Lwin's resignation as chairman of the party and president of the country.

The report gave no indicatiou about why he had resigned or who would step into the positions he took over on July 26 from U Ne Win, whose autocratic and capricious leadership over 26 years reduced the once-rich country to abject poverty.

A new party chairman and state president will be elected at extraordinary meetings on August 19.

President Sein Lwin's departure surprised diplomats in Rangoon, coming so quickly after he appeared to be digging in. On Thursday he was reported to have told party leaders: "We have the strength to put down the disturbances. They (the demonstrators) will have to come crawling to us."

His resignation is a victory for hundreds of thousands of protesters who called for his resignation. His hand-picked troops brought carnage to Rangoon this week but he was already detested for his role in suppressing student riots in March and June.

The protests, that have brought the country to the brink of anarchy, are unlikely to end unless his resignation signals real changes.

"At first it was U Sein Lwin's resignation thay wanted," one Burmese exile in Bangkok said last night. "Now they want democracy and human rights, so it is the system they are against."

Other Burmese exiles said they suspected U Ne Win might still he controlling events. They said U Sein Lwin, a loyal lieutenant of the former president, could have been sacrificed in order to protect what was left of the army's image and quieten the people ahead of another crackdown.

Radio Rangoon's report said nothing abont removing the troops from the streets, where they have been firing into crowds of protesters for four days.

The demonstrators have been demanding a return to democratic government, which U Ne Win stifled in 1962 after seizing power in a coup.

They also want the release from detention of student prisoners and former Brigadier General Aung Gyi, whose public letters earlier this year denouncing the government helped focus discontent.

A further demand is for cuts in rice prices which have quadrupled this year.

There are no obvious potential replacements for U Sein Lwin, either within the party, if the one-party system is retained, or elsewhere – organised opposition being almost non-existent.

The 70-year-old U Aung Gyi would probably be acceptable to the protesters, if there are to be sweeping changes. He has government experience, having helped U Ne Win to power in the 1962 coup before resigning because he wanted to pursue less socialist policies.

Other possible candidates, if the party is to remain in control, are U Aye Ko, a former chief of staff who is among those pushing sweeping economic reforms, and U Kyaw Htin, the defence minister.

Some protesters in Rangoon are calling for the return of U Aung San Oo, the son of the nationalist hero U Aung San, who led the movement for independence from the British in the 1930s, exiles said.

Bloodletting in a hermit nation, Page 2

Soviet unofficial economy estimated at £84bn a year

By **John Lloyd** in Moscow

THE SOVIET Union's black economy has a turnover of about 90bn roubles (about £84bn) a year, according to estimates by a senior official in Gosplan, the Soviet state planning agency, published yesterday in one of the country's biggest-circulatiou national papers.

The estimates, by Dr Tatyana Ivanovna, director of the social forecasting department in Gosplan's ecouomic research division, are accompanied by a swingeing, even bitter, attack on inefficiency in state production and services.

She maintains in an article in Trud, the paper of the Soviet trade unions, that the very size of the black economy is itself an argument for much more radical economic liberalisation than so far set in train.

Dr Ivanovna reckons there are "thousands" of unofficial rouble millionaires, compared with the few hundred official ones – mainly writers and artists.

Her department's research into the the black economy appears to include serious criminal activities such as drug dealing. Most of the estimated annual turnover of 90bn roubles is accounted for by spending on goods and services which snbstitute for those which are unavailable, bad or slow in the official sector.

Within that global figure, she calculates that about 16bn roubles are spent on personal and domestic services – a growth of between 300 per cent and 500 per cent over the past 15 years. She reckons about 5bn roubles to 6bn roubles are spent annually on unofficial home repairs, tailoring, car repairs and weddings and funerals; 3.5bn roubles on leisure services; and 2.5bn roubles on medical services – "doctors who are civil and dentists who are sensitive."

A new market has opened in the production and sale of machine tools, which are in extremely short supply. She also notes, as have many other Soviet officials, that "the narcotics business is gathering force."

She argues: "While our well-being continues to depend on some person's will rather than on society itself, while the economy continnes to be governed not by market forces but by a small circle of people, all our initiatives are doomed to failure or at least half-hearted results.

"What is required is to give the peasant back his land and the worker back his factory – in other words we ueed to make the people the true masters of the land and the economy. Only then will we have a real rouble rather than a piece of paper giving us the right to

Continued on Page 20
Trying time for bosses, Page 2

Mecca to pursue Pleasurama

By **David Waller**

MECCA LEISURE, the bingo, holiday camps and nightclubs group, is to continue its battle for Pleasurama, the much larger leisure company, despite the outcome of an extraordinary meeting of Pleasurama shareholders yesterday.

The meeting approved Pleasurama's £63m acquisition of the Hard Rock restaurant chain and a £127m rights issue. Mecca's original £588m bid was conditional on the Hard Rock deal being voted down.

However, after the meeting Mecca said it would proceed with a bid for the enlarged company, valuing it at about *£750m. This compares with* Mecca's own market capitalisation of £207m.

Pleasurama immediately focused on the increasingly leveraged nature of the share-only bid. Its success would mean a threefold increase in Mecca's share capital, leaving former Pleasurama shareholders with 75 per cent of the new grouping.

Mr Michael Guthrie, Mecca chairman, defended the rationale behind the share-only bid. "There is a general acceptance in the stock market that we have made a good case for putting the two companies together," he said. "That institutions voted for the Hard Rock deal doesn't mean they won't vote for our bid later."

Mr Barry Hardy, Pleasurama's development director, countered: "It's all slightly unreal. The question should really be whether Pleasurama shareholders want Mecca assets, not the other way round."

Pleasurama, which has interests ranging from casinos and slot-machines to discotheques, said it was disappointed Mecca had decided to proceed despite the result of yesterday's meeting. "We have been given a tremendous vote of confidence" said Mr Hardy, "and the bid remains opportunistic and unwelcome."

Nearly 81 per cent of the voters supported the Pleasurama management; the special resolution in question required 75 per cent of votes cast. Shareholders speaking for 64 per cent of the shares took part in the vote.

The complicated bid terms of the offer for the enlarged Pleasurama remain the same for the new ordinary share element of the new equity created by the rights issue. Pleasurama's issue also creates a new class of convertible preference shares, terms for which will be worked out over the weekend.

Mecca shares fell 3p to 204p yesterday, while Pleasurama ordinary shares jumped from 257p to 275p, well above the 247½p value of the offer. Brokers attributed this to speculation that Mecca would have to increase its terms – or that a third party may enter the fray.

Lex, Page 20

Dollar slides as markets await US trade figures

By **Simon Holberton** and **Ralph Atkins** in London and **Roderick Oram** in New York

THE DOLLAR fell against other main currencies yesterday, ending a volatile week in which UK and US official interest rates rose in response to concern over the outlook for inflation.

The dollar's fall continued a slide which began on Thursday, reversing an upswing in the US currency at the start of the week.

In London, the dollar slipped two pfennigs against the D-Mark and by almost a yen against the Japanese currency, ending the week lower against both. Sterling strengthened against the dollar but fell a little against the D-Mark.

Attention is now focused on Tuesday's US trade figures, which could determine the direction in which the dollar moves over the short term. Financial markets expect a deficit of about $11bn in June, compared with $10.9bn in May.

In Europe the dollar's fall was mainly due to technical factors and caution ahead of the trade figures.

Rumours of a larger-than-expected monthly US trade deficit unnerved European markets. Analysts said there were also worries about central bank intervention should the dollar strengthen too much.

Concern was intensified by the cautionary note struck by the Bank of England – in its Quarterly Bulletin on Thursday – about the recent improvement in the US trade position. The Bank said recent dollar strength could hamper the process of global trade adjustment.

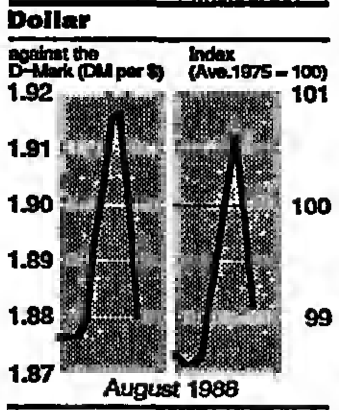
This week the Bank and its US counterpart, the Federal Reserve, increased official interest rates in response to what the central banks saw as a problem with inflation.

World equity markets were momentarily unnerved by the Fed's decision to raise rates. The Tokyo market recorded its largest fall this year and there were steep declines in London and New York. By the end of tha week, however, share prices had recovered most of their losses.

UK equity and gilt-edged securities markets had recovered by yesterday and appeared to have absorbed the

Continned on Page 20
Money markets, Page 12, Lex, Page 20

Dollar



Market maker sues County NatWest

By **Clive Wolman**

MR RUSSELL KEAN, the 28-year-old market maker sacked on Wednesday for insider dealing by County NatWest WoodMac, the securities subsidiary of National Westminster bank, yesterday issued a writ against his former employers claiming damages for wrongful dismissal.

A picture has emerged of confusion on the dealing floor of CNW during Monday lunchtime, when Mr Kean and his colleague, Mr Stephen Floyd, bought about £2m-worth of shares in Grand Metropolitan for CNW on the basis of inside information. Mr Floyd was also sacked.

An employee of GrandMet telephoned a senior director of CNW a few minutes before 1pm and told him that GrandMet, a CNW corporate client, was about to announce the proposed eale of its Inter-Continental Hotels chain.

The announcement was originally scheduled to be broadcast officially through the Stock Exchange Topic system at 12.45pm, but was delayed by congestion.

Because of the lack of people available in the CNW offices at lunchtime, several breaches then occurred in the "Chinese walls" which are supposed to insulate the market-making arm of the securities firm from

Continued on Page 20

Weekend FT

Coming out in the 80s

Christian Tylar wondars why young girls becoma debutentes and what they do during tha saason

Page I

Finance

What questions to ask at the British Gas annual ganaral meeting

Page IV

Motoring

Stuart Marshall examinas the fectors – high prices, deted appearance, Yuppie image – which hava dantad Porsche salas

Page XI

T.E. Lawrence

Next week marks the centanary of T.E. Lawrance's birth. Two views of his life.

Pages XII, XIV

How to Spend It

Peter Knight finds a range of cameras to suit avery need...and looks al lorches that have a certain cachat

Page XIII

Olympics

Michaal Thompson-Noel foresees snarling and fury if British athlatas fail to liva up to axpectation in Seoul

Page XVI

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime:	New York lunchtime:	FT-SE 100:
$1.714	DM1.881	1,843.4 (+8.2)
London:	FFr6.3865	FT Ordinary:
$1.715 (1.7016)	SFr1.575	1,484.8 (+7.2)
DM3.225 (3.2325)	Y133.2	FT-A All Share:
FFr10.95 (10.9525)	London:	981.69 (+0.4%)
SFr2.7 (2.705)	DM1.88 (1.9)	FT-A long gilt yield
Y228.25 (227.75)	FFr6.385 (6.4375)	index high coupon:
£ Index 76.9 (same)	SFr1.575 (1.59)	9.32 (9.38)
GOLD	Y133.1 (133.85)	New York lunchtime:
New York: Comex	$ Index 99.1 (100.0)	DJ Ind. Av:
$441.2 (439.2)	Tokyo close: Y133.05	2,036.0 (−3.0)
London:	US LUNCHTIME RATES	Tokyo:
$431.75 (427.5)	Fed Funds 8⅛	Nikkei
N SEA OIL (Argus)	3-mo Treasury Bills:	27,839.51 (+48.53)
Brent 15-day Aug	yield: 7.125%	LONDON MONEY
$15.025 (15.075)	Long Bond: 97⅛	3-month interbank:
Chief price changes yesterday: Page 20	yield: 9.408%	closing 11 3/32% (same)

CONTENTS

For FT Cityline Directory, FT-SE 100 Index and MF Access phone 0898 123450; Stock Market Report, 0898 123001; UK Company News, 0898 123002; sterling rates, 0898 123004. Calls charged at 38p per minute, peak & standard and 25p per minute, cheap rate.

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.30; Greece Dr120; Hong Kong HK$12; Iceland IKR125; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1700; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $L125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Philipines Pes20; Portugal Esc120; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.30; Taiwan NT$65; Thailand Bht50; Tunisia Din0.800; Turkey L800; UAE Dh6.50; USA $1.00.

Asian and Australian links seen in OTC fraud

By William Dullforce in Geneva

THE NETWORK of hroking companies involved in the US over-the-counter stock fraud probably had an extensive operation in Asia and Australia as well as in Europe, Mr Laurent Kasper-Ansermst, investigating magistrate in Geneva, said yesterday.

He also indicated that a search would have to be made in the US, if there were to be any hope of recovering the money – estimated to be more than $250m (£147m) – paid by investors into European bank accounts.

The group which established Kettler International Corporation (later renamed Kettler Investment) in Liechtenstein in January 1987, as e base for its European activities, may have started earlier in Asia.

Financial newsletters, similar to those used in Europe to stimulate investors' interest for US OTC stocks, had been sent from Singapore to several Asian countries, the magistrate said.

However, be had only just started to receive information about these activities in Asia and Australia, he added.

Mr Kasper-Ansermet said he had had 15 bank accounts hlocked in Switzerland and elsewhere in Europe, notably in Luxembourg and Gibraltar, but "the logic behind the whole set-up" led him to suppose that the bulk of the funds were now in the US.

"I can assure investors that I will do everything in my power to find the funds, even if I have to go the US to do it," he said. Switzerland's reputation as a financial centre had been tarnished by the fraud and he was intent on restoring it.

The magistrate said he had evidence that the companies he was investigating – Falcontrust Financial in Geneva, European Management Services at Nyon and the Geneva and Lugano branches of Kettler Investment – had offered clients investments in about 15 OTC stocks.

Those selected mainly had $1m to $2m in issued capital and were being sold at prices of $3 or $4 a share.

The group of people operating the fraud had lifted prices, usually to about $6 a share, by publishing information in their newsletters about imminent takeovers, technical discoveries or new operations hy the companies, the magistrate said.

They had also manipulated prices on the OTC market, where trade in only a few hundred shares could move prices, he added. The magistrate has been in contact with the New York Securities and Exchange Commission

Chelsea Financial

Chelsea Financial of Fulham, in London, has asked us to state that it has no connection with Chelsea Financial AG, the Basle-based company named in connection with a worldwide fraud concerning US over-the-counter shares.

Pretoria tightens import, credit and foreign exchange controls

By Anthony Robinson in Johannesburg

MR BAREND du Plessis, South African Finance Minister, last night announced new import duties, tighter hire purchase conditions and foreign exchange restrictions, in a packege designed to cnt imports and defend the country's balance of payments.

The Governmsnt also announced a rise of 14 per cent in the petrol price from September 1 to compensate for a decline of 14 per cent in the rand over the past 7 months.

Pretoria introdnced an import surcharge of 10 per cent on ahoot a quarter of its imports in September 1985 as part of a package accompanying the partial moratorium on servicing $14hn of its then $24bn foreign debt. From Monday, this is to be superseded by a schedule of duties ranging from zero to 60 per cent.

Zero-rated imports will include agricultural and certain manufacturing imports, while capital goods will be rated at 20 per cent. A 100 per cent import duty on fully-assembled cars, mainly luxury models, will be raised to 110 per cent and the duty on certain components will be raised by three percentage points.

The domestic motor industry, which assembles a wids range of German and Japanese models with a 50 to 60 per cent import content, will be affected by the latest duty increases but has been spared any tightening of hire-purchase terms, under which higher deposits and shorter pay-back periods will be applied to a wide range of consumer prodncts such as electrical and photographic equipment and video systems.

Emigrants, who have been allowed to expatriate dividends on their frozen assets at the commercial rand rate without limit, now face a ceiling of R300,000 (£72,000) a year. Dividends in excess will only be exportable via the financial rand and only after Reserve Bank permission has been obtained.

The latest restriction on capital follows the discovery of another big breach of the two-tier rand exchange regulations at Trust Bank, where bank employees are being investigated for "round-tripping" – exporting funds illegally at the commercial rand after bringing them in at the cheaper financial rand rate.

Botha warns on US sanctions

By Michael Holman, Africa Editor

EFFORTS to hring independence to Namibia could be jeopardised by US moves to impose tougher sanctions against South Africa, President P W Botha warned yesterday.

In a statement issued after the US House of Representatives had voted 244-132 for a bill which would ban nearly all US trade with South Africa, Mr Botha said: "It would be ironical if Resolution 435 [the UN settlement plan for Namibia] should for example reach the point of implementation hut its implementation is obstructed or made impossible as a result of provisions in American legislation."

South Africa's conditions for Namibian independence inclnde a demand that the international community take over responsibility for the territory's debts to Pretoria. The US bill could impede this. However, even if it were also approved by the Senate, it is certain to be vetoed by President Ronald Reagan.

Mr Botha's comments also reflect Pretoria's hope that a successful outcome to current negotiations over Namihia, linked to a withdrawal of Cuhan and Sonth African troops from Angola, could provide a respite from sanctions.

The House vote – largely along party lines, with the Democrats voting overwhelmingly in favour of sanctions – is seen as a largely symbolic gesture, hnt one which will help the Democrats make South Africa an issue in the US presidential election campaign in the autumn. Mr Michael Dukakis, the Democratic candidate, has strongly snpported tough sanctions.

The bill passed in the House would han most trade with South Africa and limit military and intelligence co-operation.

A more immediate threat to Sonth Africa'e commercial relations resurfaced yesterday, when Japan's Trade Ministry expressed concern over "the fast increase of exports" to Pretoria, and said it had "given guidance to industrial groups and companies to be careful."

The ministry said there were no plans to impose limits or conditions on trade with South Africa. However, if Japanese exports were increased by 50 per cent this year, "then we could think about taking some measures."

Japan became the republic's leading trade partner last year. Exports to South Africa rose by more than 45 per cent in the first six months of this year, compared to the equivalent half of 1987, reaching $1.14bn (£670m).

Argentina expels S African consul

By Gary Mead in Buenos Aires

MR DIRK de WET, South African consul to Argentina, has been given 30 days to leave the country.

His expulsion, along with that of three non-diplomatic South African citizens, is in response to his role in organising e public seminar here on southern African affairs.

The South African consulate in Buenos Aires refused to make any comment, saying any response would be notified by Pretoria. It is not expected that the consulate itself will be formally closed down.

The conference was held last Thursday in one of the most sumptuous Bnenos Aires hotels, close to the consulate. Described as the Second Conference on Southern Africa, it had been well advertised in local newspapers from the beginning of August. Almost 150 people attended.

There were three speakers, including Mr Ismail Richards, an MP from the South African House of Representatives for Coloureds, Mr Gerrit Olivier, described as an expert on international relations, and Mr Bennet Ndlazi. They have been served with expulsion notices, along with Mr de Wet.

Mr Dante Caputo, Argentine Foreign Minister, has proclaimed his amhition to become the next president of the UN General Assembly, in which aim he would depend heavily on the support of black African states.

Bloodletting in a hermit nation

Richard Gourlay traces Burma's history of Buddhism and violence

BURMESE President Sein Lwin yesterday unexpectedly resigned as chairman of the socialist ruling party and head of state, after five days of violent nationwide demonstrations.

Casualty figures are uncertain – some diplomats say morew than 1,000 demonstrators have died in the rioting. There is no guarantee that the killings will now end.

Perhaps only North Korea and Albania have been more firmly closed in the 26 years since Ne Win dislodged democracy in e coup and launched his "Burmese way to socialism". With tourists and journalists now being refused entry visas, Rangoon-based diplomats provide the only view of the hermit nation. Even they freely admit their contact with those who matter in the party and the army is meagre.

Burma's isolation began with Ne Win but the official xenophobia – a main part of Burma's centrally-planned, one-party socialism – has its roots in British colonial times.

Annexation of Burma and its incorporation into British India, completed in 1886, was accepted by Burmese with the same kind of stoicism that allowed Ne Win's influence to last as long as it did. The Burmese even accepted British importation of thousands of Indians to help in administration and trade. However, it was British cultural insensitivity that finally snapped Burmese patience.

First, the Rangoon garrison turned the sacred Shwedagon Pagoda into an armoury and stronghold in case of civil disorders. Then, in the 1980s, the British refused to remove their shoes when on the pagoda'e platform – a great desecration in devout Buddhist Burma that the colonists simply refused to recognise.

Out of this outrage came anti-British riots, the biggest demonstrations seen in Rangoon until those this week against Sein Lwin, and the independence movement which fought first the British and then the Japanese. Impatience with the colonial government that had always treated Burma as an adjunct to India made the leading nationalist, Aung San, seek immediate independence rather than the protectorate status which would have provided a breathing space in which to recover from the second world war.

When asked this week if the country should have accepted a transition to independence, one anglophile Burmese said, with a distinctly Oxbridge accent, "no, we had to row our own boat. What a shame, though, that we could not row it better."

Cambridge in the 1930s, and in particular Fabian socialism, was the other British legacy, figuring strongly in newly-independent Burma's constitution and influencing U Ne Win.

He saw his takeover from U Nu in 1962 as a completion of a revolution that had started with the removal of the British. Almost immediately he nationalised Indian and Chinese businesses – a popular move – and declared a non-aligned policy that froze the clocks in Burma. Rangoon today is a working museum of colonial Indian architecture, its colossal buildings constructed with the confidence of men who thought the empire would last forever. It is a city abandoned with its population still in place.

In this isolation, Burma contimned the sporadic bloodletting that has plagued its history and shows, if any further evidence is needed after the latest riots, that Buddhism can comfortably go hand in hand with much violence. Hatred among minority communities, who make up perhaps 40 per cent of the country's population, and hatred by these towards the lowland Burmans, has led to about 12 insurgencies – including an unreconstructed Marxist-Leninist one – and 40 years of continuous fighting.

Burma's kings did their share of bloodletting. As succession was not hereditary, the death of some kings led to hundreds of executions among those unlucky enough to be considered close contenders for the throne. The last monarch, Thibaw, used to tie relatives into red velvet bags and beat them to death in order to ensure he could choose his successor.

Burma's neutralist stance means it has no particular allies and no particular strategic value, diplomats say, though India is concerned that it should remain a huffer between India and China. No-one has any particular hold over the country economically, with the possible exception of Japan, which supplies most of its aid. Burma's isolation has allowed violence to continue largely out of sight of a world that did not much care anyway.

French crack down on drivers

By George Graham in Paris

FRENCH police have begun a vigorous crackdown on speeding and drunken driving in a belated attempt to limit the death toll on France's roads.

After the weekend of July 30-31, when 135 people died in car crashes as 15m took to the roads for their summer holidays, the Government ordered a sharp increase in controls on motoring offences. Speed traps were set up on key motorways, while regional prefects established roadside trihunals, ordering on-the-spot fines or even the instant withdrawal of driving licences.

In the early stages of the clampdown, foreign drivers caught speeding got off more lightly than their French counterparts. A West German, canght doing 237kmh (148mph) – more than twice the 110kmh speed limit – between Quimper and Rennes in Brittany, escaped at first with only a FFr900 (£82) fine.

Word has gone out from the Interior Ministry that foreigners, too, may have their licences withdrawn. The West German has now had his suspended for two months inside France.

However, the French are the prime targets for the ministry. France's driving record has deteriorated sharply in 1988, with a 70 per cent increase in the number of deaths on the roads between January and June.

The recent controversy over rail safety has a bitter counterpoint: while 150 have died in train accidents since 1980, the road has accounted for 100,000 deaths.

Trying times for Soviet bosses

By John Lloyd

THE conflicting pressures felt by Soviet managers trying to wrench their workers away from state-set wages towards payment by results were illuminated yesterday in a discussion organised by two Soviet newspapers.

The participants, who included plant managers, a senior trade union official and economists, all favoured variants on a system which would – in theory – end state tutelage over workers' pay and leave the Soviet Union with fewer national wage controls than many western economies.

Mr A Ril, deputy director of a Moscow factory, said all wages, bonuses and premium payments should be decided by works councils, and the agreement of any higher organisation should not be required.

His colleague, V Losknutov, director of the Kalinin glass fibre plant, agreed – hnt pointed out that a central committee statute, passed inn September 1986, laid down regulations for salaries, while the law on state enterprises, passed earlier this year, allowed enterprises wide latitude in wage setting.

Alexei Kosygin: reforms largely stillborn

These legal contradictions, relatively common now hecanse of the rapid pace of perestroika – at least on paper – have left management not knowing which way the wind is blowing.

Chillingly, Dr S Dzarasov, an economist, reminded the participants that economic reforms in 1965 associated with Mr Alexei Kosygin, then prime minister, had started from the same premises as now – full independence for enterprises, the right to set wage rates, even to fire workers. None of these rights were guaranteed, and the Kosygin reforms were largely stillborn.

"The lesson to be learned," said Dr Dzarasov, "is that the worker must be educated to comprehend that his salary is dependent on his own efforts and those of his collective."

The trade union official, Mr S Skurko, said that surveys had shown most workers denying any link between their pay and the product and productivity of their enterprises. "If we do not change people's thinking on this we will be unable to eradicate such negative tendencies as strikes," he said.

Turks to hold referendum on early election

By Jim Bodgener in Ankara

TURKS will vots in a referendum on September 25 on whether to hold elections earlier than scheduled, following presidential approval of an amendment to the constitution sought by the ruling Motherland Party (ANAP).

The referendum is necessary because Mr Turgut Ozal's Government failed to muster the 300 votes in the 450-seat Parliament needed for constitutional amendments.

This outcome is unwelcome for Mr Ozal and ANAP, faced with declining electoral support because of the erosion of living conditions by inflation of around 75 per cent, may now be involved in two national polls within little more than a month.

Opposition campaigns are already trying to broaden the referendum beyond the constitutional amendment, into a general popular test of the Government'e economic and social track record. The effects on an economy barely recovering from the inflationary effects of the run-up to the general election last November will probably also be deleterious, businessmen fear.

Ravenna prepares to fight shipload of waste

By John Wyles in Rome

THE citizens of Ravsnna yesterday tested their political defences and may soon be thinking of military ones against the arrival of the German freighter, the Karin D, which is sailing in their direction with a portion of the Italian toxic waste recently expelled from Nigeria.

Outraged to learn that the Government had planned to dock the vessel with its poisonous cargo in their port, some Ravennese yesterday organised a two-hour protest strike, while the town council was due to turn off the public lights for two minutes last night. More concretely, the mayor has rushed out an order of uncertain legality forbidding the Karin D to enter the port.

The Ravenna protests highlight once again growing Italian public sensitivity to pollution issnes which the politicians havs been frequently slow to anticipate. The Government has still not revealed what it plans to do with the Karin D's cargo, disposal in Italy being extremely difficult for want of facilities.

In the last 24 hours, Ministers have been trying to seek a foreign depositary but have not announced any success.

Mauritian poll predicted

A WEEK-LONG government crisis came to a head in Mauritius yesterday with the resignation of Sir Gaetan Duval, the deputy Prime Minister, and the withdrawal of the five members of his Social Democratic Party from its alliance with the ruling Mouvement Socialiste Militant (MSM) party, writes Jim Jones in Port Louis.

Sir Gaetan believes the split will lead to a general election within six months, though the MSM continues to command a parliamentary majority.

Illegal meat find praised

By David Goodhart in Bonn

THE European Commission has commended the West German authorities for their swift action following the discovery of several thousand hormone-injected calves, bnt also warned that the anxiety about unhealthy meat should not be used illegitimately to hlock imports.

A total of 15,000 calves, mainly in the state of North Rhine Westphalia, were illegally injected with a "hormone cocktail" which is thought to cause cancer in humans. At least one farmer has been arrested and about 4,200 calves – valued at DM 20m (£6.2m) – face slaughter.

Yesterday it was learned that 400 of the injected calves were missing and that illegal hormone injections had been discovered in 300 calves in the southern state of Baden-Wurttemberg.

Although several Germans have clearly been involved, Mr Klaus Matthiesen, the North Rhine Westphalia environment minister, claims to have traced the injections to Holland.

Mere mortal passion greets 'Christ' film

By Roderick Oram in New York

BORNE on a rising tide of protest from conservative Christians, The Last Temptation of Christ opened yesterday in cinemas in seven US and two Canadian cities.

The attempt by Martin Scorsese, its director, to portray Jesus as a deeply human character, fighting his destiny to the last moment on the cross, has drawn angry charges of blasphemy and sacrilege from across ths US.

Most controversial of all, Jesus fantasises on the cross about a happy temporal life, if be renounced his calling. He marries Mary Magdalene, the prostitute, briefly has on-screen sex with her and later commits adultery.

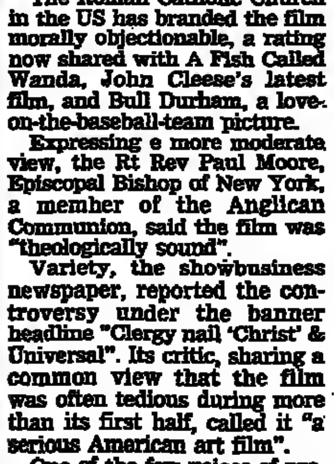
Christ is reduced "to an object of low fantasies," one fundamentalist fumed.

Many film critics and more moderate Christians who have seen the film say, however, these events and others in the final hour create a highly moving, almost transcendental, climax far superior to anything Hollywood has achieved before with "Jesus pics".

This was the intention of Nikos Kazantzakis, on whose 1955 novel the film is based. Portraying Jesus this way "helps us understand him and love him and pursue his Passion as though it were our own," he wrote in the novel's introduction.

Not persuaded, 7,500 fundamentalists picketed ootside the Hollywood studio of Universal, the film's producer, on Thursday evening. Neatly dressed and mindful of their leader's ban on "yelling or cursing of any kind", they paraded in orderly fashion. Their departure left Universal $4,500 richer in parking fees.

Many other protests have been far nastier, bearing a wide anti-semitic streak. Earlier this week other fundamentalists staged a human tableau outside a Hollywood synagogue, depicting Mr Lew Wasserman, head of Universal's parent, MCA, nailing Jesus to a cross.



Martin Scorsese: *accused of low fantasies*

Mr Bill Bright, an evangelist who runs Campus Crusade for Christ, offered to pay Universal $10m if it destroyed all copies of the film. The studio, saying creativity was not for sale, brought forward the release date by six weeks.

The Roman Catholic Church in the US has branded the film morally objectionable, a rating now shared with A Fish Called Wanda, John Cleese's latest film, and Bull Durham, a love-on-the-baseball-team picture.

Expressing e more moderate view, the Rt Rev Paul Moore, Episcopal Bishop of New York, a member of the Anglican Communion, said the film was "theologically sound".

Variety, the showbusiness newspaper, reported the controversy under the banner headline "Clergy nail 'Christ' & Universal". Its critic, sharing a common view that the film was often tedious during more than its first half, called it "a serious American art film".

One of the few voices of protest among film-makers came from Franco Zefirelli. He said in a US radio interview from Rome that the film was "truly horrihle and completely deranged". He was promptly attacked for censorship by his Italian colleagues.

The film, which cost $7m and took five years to make, is skimpy on money and generous on time by Hollywood standards. US reviewers have tended to criticise only Scorsese's love of blood and guts, and the script's tendency to verge on the farcical: Jesus begins his first sermon with the words: "Um, uh, I'm sorry . . ." A string of miracles comes over like a farewell tour of Jesus's greatest hits.

Overall, though, the film has a power and passion beyond earlier Hollywood efforts, such as the 1965 film The Greatest Story Ever Told which was memorable only for the stars in incongruous cameo roles.

John Wayne, a Roman centurion, gazed up at Christ on the cross and drawled: "Truly, he was the Son of God". According to Hollywood legend, George Stevens, the director, tried to coax more ont of 'Duke' Wayne.

"Nice, John. Now give us the awe."

"Aw, truly he was the Son of God."

Bonn aid to E Germany 'will cut exodus to West'

By Leslie Colitt in Berlin

AN OFFICIAL of Chancellor Helmut Khol's Christian Democrats has held out the prospect of a build-up in West German economic aid to future, reform-minded East German leaders so that East Germans would not have to escape to the West or emigrate.

The unconventional conservative proposal came on the eve of the anniversary today of the building of the Berlin Wall in 1961.

Mr Uws Lehmann-Brauns, deputy head of the CDU in West Berlin's Assembly, said Bonn should increase its economic support for East Germany to the extent that its leaders – one of the most orthodox groups in eastern Europe – showed a readiness to reform.

Massive aid to East Germany, he said, would narrow the gap in the standard of living between East and West Germany – a big cause of the continued exodus of East Germans to the West, which is expected to be 20,000-strong this year.

The main East German newspaper Neues Deutschland yesterday defended the Berlin Wall. As result of it, the two German states had been able to improve their political, economic, cultural and "not least of all, humanitarian" relations.

Wholesale prices in US rise by 5.7%

By Stewart Fleming, in Washington

WHOLESALE prices for finished goods in the United States rose at an annual rate of 5.7 per cent in July, fanning fears in the financial markets of accelerating inflation.

The Bureau of Labour Statistics said that wholesale prices rose by 0.5 per cent last month, although energy prices remained unchanged. Excluding food and energy, prices rose 0.6 per cent.

The July increase, which followed a 0.4 per cent rise in June, reflected sharply higher prices for a number of consumer non-durable goods outside the food and energy sectors, including drugs and clothing, but car and furniture prices rose sharply too. The recent increase in food prices, triggered by a drought, slowed considerably compared with May and June, but many economists are anticipating continued increases throughout the year.

Lisbon goes private

Portugal's Constitutional Tribunal – watchdog of the 1976 revolutionary constitution that enshrines nationalisation of industry, transport and telecommunications – has agreed to government moves towards allowing private enterprise in several sectors, Diana Smith reports from Lisbon.

The sectors include oil refining, petrochemicals, steel, distribution of gas and electricity, telecommunications, and air, rail and bus transport.

State companies will not be denationalised yet but private companies will be allowed to set up in competition.

Greek docks strike

Greek dockers yesterday began a 10-day pay strike, hitting operations at eight major Greek ports, Reuter reports from Athens.

Piraeus port reported problems while Salonika port was almost closed. Six other ports were said to be working normally.

Israeli hours cut

Most Israelis will work a five-day week of no more than $42\frac{1}{2}$ hours from next April, following marathon negotiations between the government, employers and trade unions, writes Andrew Whitley in Jerusalem.

The shift to a five-day week brings Israel in line with most other Western countries.

Swedish inflation up

Sweden's consumer price index climbed 4 per cent in the first seven months of 1988, the biggest increase in five years, according to the Central Statistics Office yesterday, Sara Webb reports from Stockholm.

The inflation rate, which jumped from 5 per cent in January to 7.1 per cent in June, fell back to 6.4 per cent in July.

Figures for June and July have been distorted by a price freeze in the first half of 1987.

Ghana debt deal

West Germany is writing off DM 400m (£124m) in loans to Ghana, Mr Volkmar Koehler, Parliamentary State Secretary of the West German Economic Co-operation Ministry, said during a visit here, Reuter reports from Accra.

Europe's air traffic

Air traffic within Europe grew by 10.3 per cent in the first six months of this year, compared with the equivalent period of 1987, writes Michael Donne, Aerospace Correspondent.

Chinese buy smelter

Sumitomo Metal Industries of Japan will sell and transfer its mothballed aluminium smelter to the China International Trade and Investment Corporation for Y4.5bn (£19.8m), writes Ian Rodger in Tokyo.

Time to change

Finland may turn its clocks back by one hour permanently in order to join the middle-European time zone, one hour ahead of GMT, Olli Virtanen reports from Helsinki.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E.Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societats-Druckerei-GmbH, Frankfurt/Main. Responsible editor: G.D. Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1988.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

OVERSEAS NEWS

Poll reveals backing for expulsion of all occupied zone Arabs

By Andrew Whitley in Jerusalem

MORE and more Israelis are saying they support the idea of expelling the 1.5m Palestinians of the West Bank and Gaza Strip, to preserve the Jewish and "democratic character" of the state.

A recent opinion poll, published yesterday in the Jerusalem Post, indicates that nearly half of all Jewish Israeli adults lean towards the idea.

How the "transfer", as it is called, would be carried out in practice they do not say. It may be that the poll simply reflects the externalisation, under the impact of the continuing Palestinian uprising, of the well-known Israeli dream that, one day, they would wake up and find the Arabs gone.

Even so, this is not something that politicians, preparing for the parliamentary elections in November, will easily be able to ignore.

Ahout 48 per cent agreed that the Palestinians should be compelled to leave if the territories remained under Israeli rule, to prevent Jews one day becoming a minority in their own land.

About the same percentage endorsed the proposal as a means of "defending Israeli democracy". Many Israelis are troubled by the double standards applied within the country's pre-1967 borders and within the military-ruled occupied territories, but most are reluctant to concede full rights to the territory's inhabitants.

Army 'will have to defend Iran's reconstruction'

By Tony Walker in London

IRAN'S armed forces and volunteer units would need to remain at the war front to defend the country while it embarked on its reconstruction programme, a top Iranian leader said yesterday.

President Ali Khamenei, speaking at Friday prayers, praised Iran's armed forces for their performance in a war against the "whole arrogant and reactionary world". Iranian leaders have been seeking to justify their decision to sue for peace as a response to pressure from the rest of the world, which had ganged up against Iran.

Meanwhile, Iran has denied claims that it shelled Iraqi military positions. Iraq's claims were described as "false propaganda."

Arafat talks with Gadaffi over West Bank

By Tony Walker

MR YASSIR ARAFAT, chairman of the Palestine Liberation Organisation, has met Colonel Muammar Gadaffi, the Libyan leader, to discuss ways of "overcoming the crisis" in the West Bank that has arisen from the decision by King Hussein of Jordan to disengage from the territory.

According to reports from the PLO headquarters in Tunis, Mr Arafat met Col Gadaffi in Tripoli as part of a review of options for to the PLO.

Mr Arafat has criticised the king's failure to consult before announcing the decision to yield responsibility for the territory, which is the home of more than a million Palestinians, to the PLO as their sole legitimate representative.

Poll dispute threat to Tokyo tax plan

By Ian Rodger in Tokyo

IMAGINE a Conservative Party candidate in Britain making a pact with the Labour Party to endorse ther latter's policy and reject his own party's platform.

Something similar happened this week in a provincial election campaign in Japan. It is becoming an embarrassment to the ruling Liberal-Democratic Party (LDP) and could upset the Government's ambitious tax reform plans.

An LDP candidate in the gubernatorial election in Fukushima prefecture, Mr Toshio Hirose, said on Wednesday, he had made an agreement with the Japan Socialist Party (JSP) to run on the JSP's tax reform proposals and against the LDP's plan.

It was the climax of a battle within the LDP that has been going on for months over who would carry the party colours in the Fukushima election on September 4. The problem started when the party bosses in charge of candidate selection could not agree and so two groups fielded a candidate each.

Mr Shintaro Abe, the LDP secretary-general, was called in to mediate. He ruled that both should step down and another man should run. However, one refused to step down, so the other also refused. As both were backed by rival, ageing party chiefs, this has provoked acrimony between the factions.

Rank-and-file LDP parliamentarians have been disappointed by their leaders' unwillingness or inability to settle the problem. This is a more serions aspect. Mr Noboru Takeshita, the Prime Minister, was eventually called in, early in July, but even he said there was nothing he could do.

Now the affair takes on a greater resonance. If Mr Hirose wins the election, as expected, the opposition parties will interpret his victory as a rejection of the Government's tax reform plans. More important, it could revive opposition to the plans among many LDP members.

Mr Takeshita has managed until recently to keep the party united on the tax reforms, as his predecessor, Mr Yasuhiro Nakasone, failed to do. However, the prime minister's dithering over the Fukushima poll, plus a simmering scandal over party leaders making windfall profits on share flotations, may be enough to snap the party's always fragile unity.

Foreigners dilute a celebrated custom

Stefan Wagstyl on how the Japanese tea lover is turning to imported water

MASTERS of the Japanese tea ceremony, one of the most traditional of Japanese customs, are succumbing to the temptations to buy foreign.

They are eschewing water from Japanese springs and mountain streams in favour of bottled mineral water, mostly from France. Volvic, Evian and Vittel are beginning to grace the rooms of Japan's tea ceremony teachers.

Tea ceremony schools are popular. Students spend years learning the proper ways to handle the tea, the water, and the exquisitely decorated cups.

By tradition, tea ceremony rooms were sited near a spring or a stream so that water for the ceremony was taken directly from a natural source. The growth of large cities has forced a compromise, with tea ceremony lovers having to drive to the countryside every so often and fill plastic bottles. Tap water is out of the question because of the taste of chlorine.

Bottled Japanese water is widely used, but it is losing ground because it is processed before it is bottled. There are many water sources in Japan, but most are small, so the flavour of a water can change quickly depending on the rainfall. As a result, bottlers cannot guarantee that the water will always taste the same unless they adjust the flavour artificially.

Now, tea ceremony enthusiasts are buying more and more foreign water, says Mr Ryota Etoh, president of Perrier Japon, a leading importer.

"The Japanese are people of high culture. They know how important water is to the spirit of the tea ceremony. The taste of the water affects the taste of the tea," he says.

Imports of bottled mineral water trebled last year to Y3.5bn (£15.4m), or about 35 per cent of the market, and could double this year. This follows the lifting in 1986 of a regulation which required imported non-sparkling waters to be heated to 85C for 30 minutes to kill germs.

Some Japanese women use bottled water for cooking rice; others will not mix baby food with anything else. By far the largest market, though, is for mixing with whiskey. However, the importers face a tough fight here because bar owners tend to buy a bottle with a fancy label then fill it with tap water, whiskey drinkers being less discerning than those who prefer tea, it seems."

HK error in charge named bank

By Michael Marray in Hong Kong

HONG KONG authorities yesterday admitted that the merchant bank Wardley was mistakenly named in corruption charges against former Stock Exchange officials.

The colony's Independent Commission Against Corruption (ICAC) had alleged that six defendants accepted from Wardley beneficial interests in allotments of Video Technology International shares.

Yesterday, though, the ICAC said that, due to a "typographical error", Wardley's name had been wrongly included.

In a separate charge, Mr Ronald Li, former Hong Kong Stock Exchange chairman, is alleged to have received from Wardley an allotment of shares, as well as sub-underwriting commissions, in the 1986 flotation of Cathay Pacific Airways. In this case the allegation of Wardley's involvement stands.

The Video Technology charges will be amended when the eight defendants, now on bail, next appear in court. They are accused of accepting preferential allotments of shares in various issues.

● Mr Stuart Turner, former Barclays Asia director, was yesterday jailed for a year in Hong Kong. He had admitted accepting bribes from clients.

Rises ease Australia's pay restraint

By Chris Sherwell in Sydney

AUSTRALIA appears set to ease its remarkable five-year record of pay restraint following yesterday's carefully crafted announcement of a national wage award by the Arbitration and Conciliation Commission.

The principal institution in Australia's unique centralised wage-fixing system ruled that the country's 7.3m wage earners could receive a 3 per cent pay rise from September 1 and a further A$10 (£4.70) a week increase six months later.

For workers on the average pay of about A$455 per week, the increase is equivalent to 5.2 per cent. Taken with the spillover of the previous year's awards and general wages drift, analysts forecast an overall rise in wages of 7 to 7.5 per cent for the year to June 1989.

This is just above the inflation rate of 7 per cent, and well ahead of the government's forecast of 4.5 per cent for the sams 12-month period. As such, it foreshadows the first significant increase in real wages since the Labour government came to power in 1983.

However, the increases are conditional upon the agreement by trade unions to renegotiate the structure of their pay deals. Although this will not guarantee further productivity gains, it should maintain the momentum for reform in work practices, as sought hy employers.

The unions, represented by the Australian Council of Trade Unions (ACTU), failed to secure their demands for a 6 per cent increase in the form of two rises worth 3 per cent each in July and December. But they won recognition for the plight of the lowly paid – the A$10 award means someone on A$300 per week can expect an increase of more than 6 per cent.

Employers were similarly unsuccessful in their campaign for no increases, or limited rises based on productivity improvements.

The commission aligned itself broadly with the federal government, which had sought a minimum increase of 4.5 per cent and a maximum of 5.5 per cent, paid in two steps in September and March, subject to understandings on productivity.

Ministers welcomed the outcome while employers' groups and the ACTU were more cautious. The most jarring note came from Mr John Halfpenny, a militant trade unionist from Victoria, who warned of widespread industrial action if employers tried to "horse trade" with unions over the award.

Analysts said the projected wage rises were not inconsistent with a declining rate of inflation if the exchange rate of the Australian dollar were maintained. They added, though, that the rises were unlikely to help Australia reduce the gap between its inflation rate and those of its main trading partners, and so might hinder enhancement of international competitiveness.

Wage restraint – specifically Labour's long-standing "accord" with the unions – has been critical to the government's efforts to overcome a chronic deficit in the country's balance of payments and to trim its foreign debt. The restraint has allowed the country's awkward economic adjustment to co-exist with continued employment growth.

Proof of this came on Thursday, when figures were published to show the unemployment rate in July at 6.9 per cent, the lowest in six years.

Australian wage-earners are likely to be rewarded further next year, tax cuts being in prospect. These are expected to arrive before the next general election, when Mr Bob Hawke, the Prime Minister, and his Labour Party will be seeking a fourth term of office.

AIDS company in insider trading link

By Chris Sherwell

THE AUSTRALIAN authorities have arrested and charged a man in a Canberra court with alleged offences involving insider trading.

The move is significant because very few such cases have been brought in Australia, and none has been proved yet.

It also coincides with new incidents of alleged insider trading in the US, in particular involving the alleged leak of information from Business Week's stock market tipster column.

Although the man's name was suppressed by the court, the Australian case is known to involve Rancoo, a company listed on the second board of the Melbourne and Hobart stock exchanges.

The company was said by the market to be linked to medical research that was related to AIDS. Its shares soared from about 50 Australian cents (24p) to well beyond A$4 in the space of a month early last year.

Last October, they surged from A$1.05 to A$2.50 in 10 days of heavy trading, before being suspended. At the time, Rancoo had made a scrip offer for a related medical company, Biota, and had announced a vaccine which might be effective against AIDS.

It had also entered a joint venture agreement with Anutech, a Canberra company which was formed by the Australian National University to promote certain projects, including research into AIDS and herpes vaccines.

According to the Corporate Affairs Commissioner in Canberra, the charges yesterday stem from the time when Rancoo entered this venture, and relate to the passing of information rather than to the trading of shares. Investigations are said to be continuing.

Australia's security industry legislation prohibits insider trading, but provisions have been criticised because they fail to deal with certain forms of conduct and proof of contravention is difficult to secure.

A consultative paper on the matter was written and circulated at the end of 1986, but drew unfavourable public comment and no action was taken.

Stock Exchange report criticises price spreads

By Clive Wolman

WIDE spreads between buying and selling prices quoted by Stock Exchange firms making markets in equities are criticised in the Exchange's quarterly Quality of Markets report.

For the 136 "alpha" actively traded stocks, the "touch" – the gap between the best buying and best selling price – averaged 1.15 per cent in the three mouths from April to June, compared with an average touch of 0.83 per cent before last Octoher's stock market crash.

For beta stocks, touches have widened from 1.76 per cent pre-crash to 3.16 per cent in the second quarter, while for gamma stocks, the average touch has widened from 3.00 to 4.89 per cent.

The report says these figures exaggerate the widening of spreads because of the large number of stocks that have heen npgraded from the gamma to heta, and heta to alpbs categories. However, after adjusting for such factors, the report coucludes that current toucbes are betweeu 30 and *50 per cent* wider *than* before the Big Bang reforms of 1986, wheu competition between market makers was much more limited.

The wide spreads are more puzzling in view of the increase in the number of competing market makers. The average number per stock rose between April and July from 14.18 to 14.25 for alphas, and from 6.69 to 6.94 for betas. Market-maker coverage is now greater than just before the crash.

Tbe only jnstification suggested by the report is the supposed greater riskiness of the market today, particularly for larger deals. It also shows that the touches have continued to narrow steadily since a dramatic widening in the immediate aftermatb of the crash.

The average maximum size in which deals can be carried out by investors without moving the price against them has increased.

However, the report says, "for less risky, smaller deals, the increased cost of dealing due to wider spreads and touches is disappointing."

The top eight market-making firms, out of a total of 32, accounted for 78.2 per cent of the value of all UK equity transactions carried out with customers in a sample week in June. All these firms had a market share of more than 5 per cent.

Among hroker-dealers, the top six firms, out of a total of 281, accounted for 16.6 per cent of the value of all deals, each having a market share of more than 2 per cent. The smallest 160 firms, each with a share of less than 0.25 per cent, *accounted for only 13.6 per* cent of the value of all customer transactions.

Turnover in both UK and international equities has recovered partially since the low point reached in December and January.

A striking feature is that the average bargain size has risen from £23,000 last year prior to the crash, to £28,000 in the first three mouths *of this year,* and to *£31,500* in *the second three* months. This suggests that the proportion of bargains being carried out by private clients, who generally deal in much smaller sizes than institutional investors, has risen.

By coutrast, in international equities, the average bargain size fell sharply immediately after the crash although it has snbseqnently risen again to close to its pre-October levels. The reason appears to be that market makers were unwilling to deal in large sizes immediately after the crash.

The report also contains an analysis of the market in traditional, uon-traded options on shares. Whereas turnover in the traded options market soared prior to the October crash and has recovered steadily since the slump in November-December, activity in traditional options has declined steadily since the middle of last year.

Quality of Markets Quarterly, from Publications Department, International Stock Exchange. £15.

Shield aims to save film production at Elstree

By Paul Cheeseright, Property Correspondent

THE Shield Group, a quoted property company, is mounting a bid to save Elstree Studios, for 60 years a centre of British film making, from closure in October.

Mr Norman Mazure, the chairman, said yesterday that with Holly Corporation, a private property company, and Samnelson, the film equipment company in the Eagle Trust group, Shield was trying to form a consortium to buy the Hertfordshire studios.

Shield, with the British Film and Television Prodncers Association acting as an intermediary, is seeking the support of unidentified companies in the film industry.

The plan is to buy the 29-*acre site from Tranwood Earl,* a small merchant bank controlled by Mr Peter Earl, which on behalf of a property consortium agreed last month to buy Elstree from the Cannon Group at a price believed to be £20m.

According to Shieid, Tranwood Earl would sell the site for £31m. However, such a price would only be financially realistic if planning consent *was granted to use the site* not only for film studios, but also for residential and commercial premises. "We can't buy without the planning consent," said Mr Mazure.

A general planning application setting ont a scbeme embracing these elements is being submitted to Hertsmere Borough Council. The council, hitterly opposed to the closure of the studios caused by Cannon's withdrawal, has placed a preservation order on them, thus freezing immediate redevelopment.

Mr Earl is out of the country, but Tranwood Earl said yesterday that a number of peopie, including Shield, had made approaches about buying the site. Shield, it said, "is in no better position than anybody else who has expressed interest." It would not confirm that it is asking £31m for Elstree.

Shield has been in contact with Tranwood Earl through solicitors, but does not appear to have been involved in any direct negotiating.

For the film industry, anxious to keep Elstree open, the Shield proposal "is the only significant one on the table," said Mr Andrew Patrick, of the British Film and Television Producers Association.

If Mr Mazure can put together a package that is acceptable to Tranwood Earl, Hertsmere Borough Council and the film industry, then the studios would be run by Samuelson.

Department stores 'in decline'

By Alice Rawsthorn

THE DEPARTMENT store, once the pleasure-palace of the high street, is trapped in a slow but steady decline.

A report from Verdict, the retail consultancy, estimates that the departmcnt stores' share of retail sales fell from 5.5 per cent in 1980 to 4.4 per cent last year and will fall further, to 3.7 per cent, in 1992.

The first threat to the department store came in the early 1900s when F.W. Woolworth crossed the Atlantic to introdnce the variety store to Britain. Today's threat is the sncoess of speciality shops, such as Sock Shop and Body Shop.

Soaring running costs, slow-moving merchandise, intense competition and the need to invest in ambitious design and antomation programmes are at the heart of department stores' problems. These difficulties ensure that the store groups suffer from poor profitability, says Verdict.

The shining exception is the John Lewis Partnership, the store gronp owned by its employees and run to give them "real happiness at work." Its success is attributed to its reputation for excellent service.

John Lewis, the second largest store group after the House of Fraser, has annual sales per sq ft of £474, more than three times the average for a department store.

The performance of House of Fraser is also better than average, chiefly due to the success of Harrods, its London store.

Department and Variety Stores, Verdict Research, 112 High Holborn, London WC1V 6JS. £450.

Tory whip appointed

LORD STRATHCLYDE, 28, has been appointed as a government whip in the House of Lords. He replaces Lord Beaverbrook, who has been appointed deputy treasurer of the Conservative Party.

Grouse prove a tough commercial target

James Buxton sees management techniques applied to the shooting game

Malcolm Borthwick at Raeshaw with household staff, beaters and gamekeepers

PEOPLE are mesmerised by grouse, according to Mr Malcolm Borthwick, Scottish landowner and sportsman.

"It's the last bastion of wild bird shooting," says Mr Borthwick, who is also chief executive, prodnction director and head of marketing of a business whose product is grouse shooting.

Yssterday, the Glorious Twelfth, the opening of the grouse season, was the climax of the year for Raeshaw, Mr Borthwick's 8,300-acre estate in the Morfoot Hills, south of Edinburgh.

After a substantial breakfast in the house, his guests proceeded by Land Rover on to the moor. There they waited nervously in butts hollowed out of the peat for the first grouse to burst across the line, providing an exciting but difficult target.

Yesterday's guests were not quite family friends. They were shots from Mr Borthwick's corporate client, the London branch Merrill Lynch, the US securities firm. A little later in the season the guests will be US businessmen and professionals who come over for a week at a time. The guiding principles of Raeshaw are determinedly commercial, but the ambience of grouse shooting requires that clients are treated as if they are friends.

The rich businessman who buys a grouse moor nowadays is likely to run it primarily for his own enjoyment, though he may have some paying guns to offset some of the costs. However, Mr Borthwick inherited Raeshaw in 1975, along with death duties of £576,000, so a commercial approach was essential if it was to stay in the family.

A big, genial man but an exacting employer, he manifestly enjoys applying management techniques to the grouse moor. He even did a year's Sloan Fellowship at the London Business School before embarking on the task.

He taps a market in the US for sportsmen varying from good to inexperienced sbots, often anxious to escape the restricted US "hunting" scene.

"The consumer's prepared to pay a lot," he says. "But people travelling in style don't like paying bills the whole time. So I do it on all-up basis – a sort of package holiday." He does his own marketing, spending six weeks in the US every year.

A week at Raeshaw, which caters for eight sportsmen at a time together with their wives, costs anything between £1,350 to £3,500 per couple, depending *on the game offered. For that* they get five days shooting – grouse only for the first few

weeks, then a blend of grouse, partridge, duck and pheasant as these come into season in September and October. To supply this balanced fare Mr Borthwick rents a further 7,000 acres of nearby, low-ground shooting.

Guests are met at Edinburgh Airport, only 45 minutes away, and put up at Raeshaw House, an Edwardian shooting lodge, whicb feels like a private house, not a hotel. There is good food and guests can drink as mnch as they like. Borthwick can even provide what he calls "clinics for guns who find they're not hitting the birds as well as they should."

To provide the sport and pamper the guests requires a peak-season staff of more than 20. Apart from the head-keeper and under-keepers, there are a dozen boys and three girls, including a sous-chef.

Mr Borthwick recruits the boys from what he calls middle-income families. They are usually taking a year off between public school and university. "I'd like to employ locals but I have to tell the Inland Revenue about them, and, *sadly*, people who are unemployed don't want to lose their social security."

Malcolm Borthwick takes aim on his 8,300-acre Scottish estate, watched by head gamekeeper Terry Hirst

The girls come from "a subculture that might start with Pru Leith's cookery school (in London) and a yearly routine divided between working in chalets, on yachts and places like this."

One of the students, James Metcalfe-Gibson, a willing-looking 18 year old has just left Sedbergh School in Cumbria. He spent the run-np to the shooting season helping Mr Terry Hirst, the head-keeper, set traps for vermin, refurbishing the grouse butts ("we try to make them as comfortable as possible for a gentleman to stand in," says Mr Hirst) and exercising the gun dogs. Now that the season is under way he marshals the beaters during the drives. Afterwards there is the task of cleaning and oiling the guests' guns.

"The beaters get to hate me but they go home transformed," says Mr Borthwick with the pride of an outward-bound school director. "Parents who never dared ask their sons to do anything, knowing that they'd say something rude, discover they can talk to them again."

The crucial thing, however, is ensuring that there are enough grouse to shoot. In 1986 the grouse were decimated by disease and a bad winter, so shooting was cancelled and guests got their money back. Last year the bag at Raeshaw was a respectable 1,300 brace.

By rule of thumb, grouse moors are valued on the basis of about £1,000 per brace of grouse shot, making Raeshaw worth about £1.3m. Although the shoot's annual revenue is more than £150,000, it is lucky if it shows a profit of £15,000, "an absurd return on the asset," says Mr Borthwick.

Instead of elusive profit, his objective is to try to lever up the capital value of the estate by improving the grouse bag. "You might say our corporate objective was to get it up to 2,000 brace over 10 years," says Mr Borthwick.

That cannot be achieved by simply shooting more birds since it would erode the breeding stock, estimated at 750 brace; nor can grouse be reared. Almost the only way to increase stock is by resolute keepering – Mr Hirst's role.

When the season is over Mr Hirst, in his 50s and the son of a Manchester priuter but grandson of a Yorkshire grouse keeper, bnrns patches of heather to ensure a good mix of the "crop." This means some of it is young shoots for the grouse to eat, while other areas are left long for winter shelter. He wages permanent war on predators such as crows and foxes.

The grouse's most lethal enemy, however, is disease caused by parasitic worms which can devastate stocks. Raeshaw now goes to remarkable lengths to deal with this.

On winter nights Mr Hirst and Mr Borthwick go out on the moors in an all-terrain Argocat, searching for roosting grouse. When found, the birds are mesmerised by a powerful lamp, caught in a net and injected with a newly-developed drug. "We dosed 500 birds last winter. We could only do three birds an hour," says Mr Hirst.

Yesterday, however, Mr Hirst's job was to squat at the end of the line of guns, signalling to the beaters as they tramped across the heather and trying to divert wayward grouse over the guns by waving flags. Once the drive was over he would walk down the line of guns, with his labradors ready to pick up the fallen birds, asking the guests the crucial – and, for indifferent shots, potentially embarrassing – question: "How many have you got down, sir?"

Scottish agency pays Treasury a dividend

By James Buxton, Scottish Correspondent

THE SCOTTISH Development Agency yesterday became the first development agency to pay the Treasury a dividend. It is giving the Treasury more than £500,000 after achieving a surplus on its investment activities.

The dividend payment comes as the SDA, which works to stimulate Scottish economic development, anxiously awaits a report on some of its commercial decisions by the House of Commons Public Accounts *Committee. Senior agency officials* last month had a second difficult encounter with the committee, having failed to satisfy it at an earlier hearing.

Although the SDA received most of its government income last year in the form of grant – £91m – it also receives funds from the public dividend capital, a fund for long-term investment in industry. Last year the agency received £2.25m from this source.

The SDA achieved a surplus on its investment operations, calculated by adding dividend income to surpluses on disposals, and dedncting write-offs and provisions. It is paying the Treasury £515,000.

The agency says that the surplus was achieved partly because of the maturing of its investment portfolio, which was established in its present form in 1981 and is now worth £22m.

It takes stakes in new ventures and management buy-outs and provides capital to companies being restructured. Last year it invested £7.1m in new projects, matched by private-sector contributions of £49.4m.

Last year's surplus on disposals amounted to £3m compared with £836,000 in 1986-87. This reflects the profitable sale of stakes in companies such as Babygro, the clothing manufacturer, Shanks & McEwan, the waste disposal company, and Carron Phoenix, the bath maker, all of which obtained Stock Exchange listings. The agency also made increased write-offs and provisions totalling £3.5m, compared with £2.3m in the previous year.

No other development agency, such as the Welsh Development Agency or English Estates, has paid a dividend to public dividend capital.

The SDA faced tough questioning from the Public Accounts Committee over land purchases for the Glasgow Garden Festival and the increased cost of the event. However, Sir Robin Duthie, SDA chairman, yesterday described the festival as "probably the most successful development project the agency has ever been involved in."

Liffe rights issue of seats oversubscribed by 30%

By Dominique Jackson

THE London International Financial Futures Exchange said yesterday that a rights issue of new seats, designed to reduce cost of entry into the market and to boost trading in inactive contracts, had been oversubscribed by more than 30 per cent.

Liffe had been planning a rights issue for more than two years as a means of expanding trading capacity in a way that would encourage trading in less active contracts.

Business is now concentrated in four leading contracts: futures on long-dated UK government bonds, US Treasury bond futures, three-month sterling deposit rates and Eurodollar interest rates.

The concentration in the four active contracts has hindered the development of the others, slowing Liffe's expansion by jeopardising the introduction of new contracts.

The high cost of obtaining membership has also hampered efforts to improve liquidity. The price of a seat, which entitles a member firm to have one trader on the Liffe floor, rose from £20,000 at Liffe's foundation in 1982 to £250,000 last year. However, seats have more recently been offered at about £170,000 following last October's stock market crash.

Mr David Burton, Liffe chairman, said: "I am delighted that the rights issue has been so well received. The main aim is to improve liquidity by creating additional trading capacity." One of the first beneficiaries, he said, would be the West German government bond contract which starts trading on September 29.

The existing 373 member firms were invited to apply for 373 C shares offered at £10,000 in a new subsidiary company, Liffe Futures. The C shares entitle holders to have a trader on the floor to trade all new futures contracts introduced and existing contracts, with the exception of the most active four.

When subscriptions for the issue closed on Thursday, 136 members had applied for 494 shares. From September 1, members will be permitted to sell their C shares or to lease the trading permits. It should then be evident whether the increase in seats has reduced the cost of entry.

The details of the issue were announced last month following a wrangle with the Inland Revenue over tax treatment.

Water profits 'to take preference over environment'

By John Hunt

A DRAFT of the bill *for the* privatisation of the water industry shows that environmental protection will be subordinated to the need for profitability and efficiency of water companies, according to Nalgo, the National and Local Government Officers Association.

"Environment and conservation will take second place to profits and efficiency," said a Nalgo spokesman. "It is what we suspected but it is now there in black and white."

Nalgo, the biggest union in the water industry, obtained a draft of the bill, dne to be introduced in parliament in the autumn.

It contains a clause requiring Mr Nicholas Ridley, the Environment Secretary, to exercise his powers to ensure that privatised water companies operate profitably and with economy and efficiency.

The clause on the environment lays down the companies' duty to conserve and enhance natural beauty, preserve historic buildings and protect wildlife. But this is subject to the clause on profitability.

There was also surprise that the draft did not contain proposals on how water charges will be calculated under privatisation. These are based on rateable values, but this will not be possible when the community charge is introduced.

Mr Stanley William Hill, of Arthur Collins and Co, financial consultants specialising in the water industry, said: "The draft bill is sparse on financial provisions. There is no guide as to what will replace rateable values. The whole financial outlook for consumers is extremely obscure."

However, the Department of the Environment said yesterday that there was no reason why the new basis of water charges should be in the bill. The Water Authorities Association was considering various alternatives.

The DoE saw no reason why the interests of conservation should suffer under the bill.

Nalgo warned yesterday that it may advise its members not to co-operate during the run-up to privatisation because the bill makes no provisions for protecting its members' working conditions.

The union also said that the bill allows water companies to set their own standards of water purity, but the DoE said European Community water standards were laid down by law and would have to be observed. The National Rivers Authority would be regulating such matters.

Hurd urges swift trial of hooligans

By Charles Hodgson

THE Government yesterday called on local courts and police to draw up contingency plans to ensure that people charged with hooliganism and other public order offences are brought swiftly to trial.

The Home Office said the appeal followed high-level consultation on the need to crack down on "rowdy behaviour," particularly violence in rural towns.

It forms part of a package of measures aimed at curbing hooliganism.

Mr Douglas Hurd, the Home Secretary, said rapid action was required when dealing with outbreaks of hooliganism and disorder to deter culprits from offending again.

He said: "Quick action in the courts will also show other potential offenders that this sort of behaviour is not to be tolerated. In such cases swift justice is good justice."

The Home Office issued a circular giving guidance to magistrates and police to try to ensure thet priority is given to hearing cases involving vandalism, drunkenness and other acts of public disorder "within days of the alleged offence."

When possible, this will be on the first day courts sit after the particular outbreak of disorder, Mr Hurd said.

The circular offers advice to magistrates, police, local defence solicitors and other relevant authorities on how to co-ordinate action so thet courts can prepare to sit and police gather witness statements quickly.

Stress is also laid on the need to inform the social services where necessary and the press, to ensure that proceedings are condncted in the open giving no grounds for criticism of "secret justice."

It also warns against any neglect of the accused's basic rights, and reminds courts that cases should not be called until the accused has had access to legal advice.

The new move forms part of a deterrent package against hooliganism being implemented by the Home Office. Last week, a guidance paper was issued on ways to stiffen action on alcohol misuse.

UK NEWS

Baker praises Ilea's attitude to abolition

By David Thomas, Education Correspondent

THE Government yesterday praised the Inner London Education Authority and the London boroughs for their helpful attitude in preparing for the abolition of Ilea in 1990.

The Government's praise for Labour-controlled Ilea and for the inner-London boronghs, also mostly Labour-controlled, was made in the introduction to its final circular giving guidance on transfer of Ilea's responsibilities to the boroughs.

The circular, running to 153 paragraphs and six annexes, is much more detailed than the draft circular issued by the Department of Education and Science in April.

The new material mainly sets out the implications of government decisions made since April during the passage of the Education Reform Act.

The circular says that Mr Kenneth Baker, Education Secretary, welcomes "tha constructive approach being taken (by Ilea) to the transfer of responsibility" and "the positive steps being taken by the inner London councils to prepare for their new responsibilities."

The circular confirms that the inner-London boronghs mnst publish davelopment plans for their new education services by the end of February 1989. It gives extensiva advice on what should be included in these plans.

Among the areas covered are the management structures of the boronghs' edncation departments; their need to draw up detailed population estimates; their policies on school admissions; and the make up of school governing bodies.

The circular also covers complaints procedures and proposals for the reorganisation of schools.

Other areas discussed are the transfer of Ilea staff to the boronghs, financing arrangements, property and supplies and competitive tendering – an area where the horoughs will not be subject immediately to the competitive-tendering arrangements of the 1988 Local Government Act.

Tha circular stresses the need to sort out certain functions, such as further education, where considerable cross-borough provision will remain.

It also says the DES is discussing with Ilea and the boroughs how to maintain certain specialist areas, such as the careers service and music education.

● Mr Michael Day, Chairman of the Commission for Racial Equality, yesterday said tha commission was preparing guidance on the implications of the newly-enacted Education Reform Act.

Considerable concern has been expressed that some sections of the act might be used to set up schools restricted to one particular race or religion.

The Transfer of Responsibility for Education in Inner London. Publications Despatch Centre, DES, Canon's Park, Honeypot Lane, Stanmore, Middlesex HA7 4PT.

Education authorities cut spending on fuel by 16%

By Our Education Correspondent

EDUCATION authorities are spending 16 per cent less on fuel than at the end of the 1970s, due partly to an energy-saving programme and a switch from oil to gas heating. This was revealed by a Department of Education and Science survey.

Nevertheless, the department estimates that there is scope for a further 10 per cent cut in energy use in Britain's schools and colleges in the short term.

The survey showe education authorities to have spent £43m less on gas, coal and oil in 1985-86 than in 1978-79. Cumulative savings were £160m.

However, the performance is less impressive when adjusted for the decline in pupil numbers.

Spending on fuel per pupil fell by 2.7 per cent only during the same period, which the department blames on delays in closing schools.

Savings on gas, coal and oil were also partly offset by a 14 per cent increase in consumption of electricity, which accounts for 13 per cent of all energy consumed in schools.

Energy Consumption in Educational Buildings. Publications Despatch Centre, DES, Government Buildings, Honeypot Lane, Stanmore, Middlesex. HA7 1AZ. Free.

Average Briton consumes '13 kg of sweets a year'

By Lisa Wood

SALES OF confectionery in the UK rose slightly last year with the average Briton eating more than 13 kg of chocolate and sugar sweets, according to figures pnblished by the Biscuit, Cake, Chocolate and Confectionery Alliance.

Biscuits, with a per capita consumption of 10.85 kg, showed a slight downturn in volume compared with the previous year's levels.

According to the BCCCA's statistical yearbook, per capita expenditure on confectionery in 1987 was £54 with a further £18 spent on biscuits. Taking into account inflation, that was slightly more than the amount spent in 1986.

Last year, retail sales of biscuits and confectionery were estimated to be worth £4.1bn, compared with £3.96bn in 1986.

Mr Wilf Newman, of the BCCCA, said the long-term trend was an increase in confectionery, although the volume of sugar confectionery had declined. Sales of biscuits, he said, had showed a remarkable stability during the past 15 years.

Mr Charles Gillett, BCCCA president, said: "The overall picture is of a healthy and thriving industry with a highly satisfactory performance in each of the sectors."

The BCCCA Statistical Yearbook. BCCCA, 11 Green Street, London W1Y 3RF. £150 to non-members.

Nurses put off decision on pay talk resumption

By Charles Leadbeater, Labour Correspondent

THE Department of Health's attempts to defuse the row over the introduction of a revised pay structure for nurses, yesterday appeared to be meeting with little success, as nursing unions' agreed to wait until Tuesday before deciding whether to resume talks.

The Royal College of Nursing, which on Thursday said it was prepared to re-open negotiations, yesterday said the decision could only be made by all the unions involved. The RCN said the Department had to be prepared to make further concessions to persuade the unions to resume negotiations.

The other main nursing unions, Cohse, and Nupe, said that, before they would reopen talks, they would requira much firmer guarantees that the Department was prepared to revise its view of how nursing sisters in charge of wards should be rewarded for their responsibilities.

The meeting next Tuesday of the staff side of the Nursing and Midwifery Staffs Negotiating Council, the negotiating body for nurses' pay, follows the release on Thursday of a letter to the unions from Mr Nick Gurney, the leader of the management negotiators.

Mr Gurney said the Department expected a clear majority of nursing sisters would be regraded into the higher grade G. This would raise the pay of a top-ranked nursing sister by 16 per cent.

The unions walked out of talks on Tuesday after the management side said it expected only one sister per ward would be allocated grade G to reward the responsibility of being in charge. The remainder were likely to be given the lower grade F, which would bring a rise of just 4 per cent, the unions said.

The RCN yesterday said that for talks to make progress the Department would have to withdraw its instruction that negotiations should be concluded by tha end of the month. The college said talks should be suspended, to allow the employers and unions to agree revised guidelines for negotiations. These would take account of the way sisters on different shifts share responsibility for running a ward.

Cohse said that even if most nursing sisters were allocated the higher grade because of their clinical skills, it was not prepared to accept the principle that only one sister per ward should be rewarded for being in charge. The union said it was also concerned that the regrading exercise was being used as an excuse to restructure work loads and responsibilities within hospitals, rather than merely revising salaries for existing jobs.

Although the unions' responses to Mr Gurney's letter have differed, officials from all unions stressed there were no grounds for a split at Tuesday's meeting.

● Hopes rose last night, for an end to the strike which has disrupted Holloway Prison in north London for more than a week.

Local union officials and the prison's governor began negotiations yesterday afternoon, after talks between the Prison Officers Association and the Home Office over the past few days had cleared the way for the resumption of local negotiations.

The Home Office has always insisted that the dispute over staffing levels and responsibilities could only be settled through local talks.

EMPLOYMENT

AEU signs strike-free deal at bottling plant

By Philip Bassett, Labour Editor

COCA-COLA'S agreement with the AEU engineering union for the company's new £60m bottling plant at Wakefield, west Yorkshire, is a strike-free deal, according to the unpublished text of the agreement – in spite of AEU claims to the contrary.

Since the AEU announced the deal with Coca-Cola & Schweppes Beverages, in April, leaders of the union have insisted that it does not constitute a strike-free agreement, and instead is entirely in line with the AEU's standing policy not to sign deals which bind the union against striking.

Unlike its close ally, the EETPU electricians' union, which positively promotes such agreements, the AEU has always said that its deals do not feature the key elements which constitute a no-strike clause – in particular, compulsory binding pendulum arbitration, linked to a hard clause prohibiting industrial action.

But the AEU's Wakefield deal, endorsed by the signatures of Mr Bill Jordan, the union's president, and Mr Peter White, Coca-Cola's operations director, specifically includes such provisions.

Under Clause 7.1 of the agreement, dealing with procedures for the resolution of disputes arising ont of major terms and conditions for the Wakefield plant's 320 direct employees, it says that both sides are committed to resolving problems within the site council, which will carry out negotiations at the plant.

But it then says: "However, in exceptional circumstances, if this is not possible an agreed written summary of the final positions reached will be made and the matter forwarded to the Advisory, Conciliation and Arbitration Service for resolution by arbitration.

"The arbitrator will be requested to determine positively in favour of one side or the other. Both parties agree to accept the decision of the arbitrator as the final agreement."

It then says: "During the course of such negotiations or arbitration there will be no interruption to any activity on the site."

In addition to this provision, the agreement includes similar, though slightly softer, dispute resolution provisions for employee issues other than terms and conditions.

The AEU's Wakefield deal is also unusual for such agreements – signed mainly by the EETPU and AEU, but also by the TGWU and GMB general unions – in that it makes no provision for a union shop steward to sit on the wholly employee-based site council.

A further unusual feature of the deal is the company making provision for private health insurance for employees and their families. The TUC said that private health schemes were against its policy.

Coke's perfect harmony goes flat

Philip Bassett on the dispute between Coca Cola and the TGWU

THINGS go better with Coca-Cola – that's how ona of the US soft drinks company's advertising campaign jingles used to run.

Yesterday, things weren't going better with Coke as the TGWU transport union's 900 production and distribution members at Coca-Cola & Schweppes Beverages began an overtime ban and a work to rule.

Ostensibly, the TGWU is quite specific in what it says the dispute is about: Coke, it claims, is in breach of its operating agreements with the union, and is refusing to set up joint negotiating machinery to deal with the union on issues such as sick pay and pensions.

However, behind that lies the new £60m high-tech bottling plant the company is building at Wakefield, in west Yorkshire, and the single-union deal it has reached for the plant with the AEU engineering union. Therefore, behind the TGWU's ostensible reasons for the dispute may lie the first ever industrial action in the UK by one union against a single-union deal being signed by another.

Wakefield is central to the future plans of the company, formed as a joint venture last year between Cadbury Schweppes and Coca-Cola. The first turf for the £60m plant was cut in May, and the company expects it to be mostly operational by autumn next year, with work completed by 1991.

Using high-speed bottling and canning lines, the plant will produce the full range of Coca-Cola and Schweppes soft drink brands. It will employ 320 people, with a further 150 employed at a direct-supply feeder canning factory which will be run on the same site by Nacanco, a canning company.

Cadbury Schweppes has long recognised trade unions, though Coca-Cola is less keen. It is largely non-union in the USA. Last year it de-recognised its senior managers' union in the UK, and moved them away from collective bargaining and put them all on individual performance-related pay.

Mr Bob Harrison, TGWU food and drink national secretary, says the TGWU represents 90 per cent of the company's workforce, and the AEU only skilled maintainance engineers. But in a 'beauty contest' between the two unions for the single-union deal at Wakefield, the AEU won.

In what TGWU officials acknowledge is at least in part a re-run of the Ford Dundee dispute earlier this year, when the TGWU led the opposition to an AEU single-union deal for a planned Ford components plant in Scotland because it said the factory would be outside the scope of Ford's national agreement and would therefore undermine Ford UK conditions, the TGWU believes Wakefield now spells trouhle for its members.

Mr Harrison says: "We are seeking that the Wakefield agreement should be dealt with in our national agreements – bluntly, to protect the interests of the people who are in the TGWU."

The two nnions are now slugging it out at the TUC over Wakefield, and the TGWU is insistent that its industrial action against Coca Cola is not directly connected with the new bottling plant.

TGWU leaders believe that the provisions of the unpublisbed Wakefield agreement are also ikely to apply, in whole or in part, to the company's two new distribntion plants at Enfield and Northampton, planned for next year.

Coca-Cola has already indicated to the union that it wants to move employees at the two new depots on to an annualised hours system, for instance, which the nnion claims means the end of the 40-hour week and would mean some employees working up to 55 hours a week.

The TGWU says the company's plans for the two depots is breaking long-standing agreements which state that all current and future depots will be covered by the national agreement. Tbe union also believes that the company may aeek single-union arrangements for the two depots similar to those at Wakefield.

TGWU officials who have obtained some details of the AEU's agreement with Coca Cola believe there are many aspects of the deal which not only they, but any TUC union would find them unacceptahle.

Among their concerns are what they see as a very hard-edged no-strike clause, the lack of union representation on the site council, and what they claim is minimal opportunity for union representation of individual employees on such issues as discipine.

Up to now, Coca-Cola is doing little (it refused all the union's claims in talks this week), and saying less: Mr Bob Donkesley, its personnel director, would make no comment yesterday.

However, as the inter-union dispute over Wakefield grows, and the TGWU's industrial action continues, the company may start having to make moves if once again things are to go better with Coke.

Unions both complain to TUC

By Our Labour Editor

LEADERS of the AEU engineering union have filed a counter-charge with the TUC against the TGWU transport workers in the inter-union dispute at Coca-Cola, where the AEU has signed a single-union deal for the company's new bottling plant.

The TUC yesterday said it had called both unions to a meeting on the dispute on Monday.

The TGWU has reported the AEU to the TUC's inter-union disputes procedure for signing its deal in what the TGWU claims is in breach of the TUC's Bridlington inter-union principles 1(e) and 5 on single-union agreements and union organising activities.

Following a 2-1 ballot vote, TGWU leaders have called on its 900 production and distribution members in the company to ban overtime and work to rule starting from yesterday. Neither the TGWU nor Coca-Cola would yesterday comment on any effects of the action.

But now the AEU has counter-reported the TGWU to the TUC, under Bridlington procednre 7, which precludes any official strike action in inter-union disputes before the TUC has had a chance to examine the issue.

Negotiations at national level 'under threat'

By Our Labour Correspondent

NATIONAL negotiations covering hundreds of thousands of local government employees could be replaced by purely local bargaining, central pay review bodies or simple imposition hy central government, Mr David Thomas, the secretary of Lacsab, the local authorities' employers' advisory board warned yesterday.

Mr Thomas said staff and union negotiators had to accept the need for discussions over fundamental changes to pay structures and other issues to ensure continued support for national negotiations. Negotiating procedures had to be reformed to allow more scope for local talks. Unions had to accept there was an urgent need to change the content of some agreements.

Mr Thomas criticised union opposition to moves to to change the rent allowance paid to police officers, and to amend the pay structure for white-collar staff. Such opposition could weaken support for national negotiations and pave the way for entirely local pay bargaining or closer central government involvement in local government pay determination.

APPOINTMENTS

Restructure continues at NatWest Bank

NATIONAL WESTMINSTER BANK has made further appointments in connection with its restructuring plans which come into effect on January 1. Mr John Plastow, who was general manager, related banking services division, becomee general manager attached to the office of the group chief executive for special duties. Mr Malcolm Fail, previously deputy general manager, international banking division, is made general manager, strategy and communications. Mr Derek Wanless, formerly director of personal banking services, domestic banking division, is appointed general manager, UK branch business, UK financial services. Mr Roger Byatt, who was regional general manager, corporate financial services, international banking division, becomes general manager, corporate banking, corporate and institutional banking. Mr Alan Jones, previously director of commercial banking services, domestic banking division, is made general manager, corporate and institutional finance, corporate and international banking. Mr John Wallace, formerly deputy general manager, management services division, is appointed general manager, information technology, support services. Mr Roy Haines and Mr Martin Owen, are appointed joint group treasurers (formerly group treasurer and deputy group treasurer). Mr Owen, currently seconded to NatWest Investment Bank, will become sole group treasurer on the retirement of Mr Haines on April 30 next year.

■ Mr Mike Gregson, Mr Gordon Neilly, Mr Roddy Sutherland and Mr Gordon Young have been appointed divisional directors of IVORY & SIME MANAGEMENT SERVICES. Mr Duncan Livitt has been appointed computer manager for the Ivory & Sime Group.

■ SDS BANK, London, wholly-ownd subsidiary of Sparekassen SDS of Denmark, has appointed Mr Frank Hansen as foreign exchange manager. He was chief dealer with Den Danske Bank, London. Mr Roger Meikle joins as senior dealer. He was with Fidelity Bank, and Banca Commerciale Italiana.

■ SENELCO, Slough, maker of electronic surveillance equipment, has appointed Mr Ronald F. Premuroso as managing director. Ha has worked with Senelco in the US and Europe.

■ Mr John D. McArdell, UK general manager of ECCLESIASTICAL INSURANCE GROUP, has joined the board as deputy managing director. Mr Derek Stapleton has been appointed general manager of the international division, and Mr Clive B. Thomson becomes general manager of the life division. Mr Derek H. Haydon has been appointed deputy general manager responsible for finance and accounts.

■ GRANT THORNTON has appointed Miss Sue Palmer as director of marketing. She was group communications manager at Charterhouse.

■ MAGAZINE MARKETING COMPANY has appointed as directors Mr Peter Herbert and Ms Margret Ragnarsdottir. They were previously directors of COMAG.

■ Mr Graham Stevens has been appointed managing director of Zodiac Toys, and joins the main board of CELEBRITY GROUP, the parent company. This appointment follows the promotion to the main board of Mr Andrew Curry as buying director. Mr Stevens joins from Sketchley where he was group managing director of Plum Holdings, as well as managing director of Jeeves of Belgravia, and Lilliman & Cox.

■ Dr Ulf R. Siebel has been appointed a non-executive director of POLLY PECK INTERNATIONAL. He is a member of the supervisory board of the Arab Banking Corporation - Daus & Co, Frankfurt, deputy chairman of Hypothekenbank in Essen, and a member of the admissions board of the Frankfurt Stock Exchange.

■ COPYMORE, office equipment supplier, has appointed Mr Bernard Goodall as a non-executive director. He was a divisional managing director of Erskine House where he was responsible for group acquisitions.

■ Mr Shuji Ito, former joint managing director of Yamaha-Kemble (UK), has been appointed president of YAMAHA CORPORATION OF EUROPE, Hammersmith, London.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday August 13 1988

The virtues of growth

\ FEW YEARS ago, critics of he Thatcher Government were ırguing for looser macroecoıomic policies on the grounds hat a period of unsustainable rowth would be necessary if ınemployment were to be ırought down to more acceptıble levels. The logic was that f growth was no higher than he long-run trend, it would be mpossible to wipe out the ıacklog of unemployment.

Mr Nigel Lawson, the Chanellor, has delivered the unsusainable growth. Indeed, ecause the Treasury has peristently underestimated the trength of personal consumpion, he has gone slightly furher than the critics would aye advised. By the first quarer of this year, domestic lemand was growing at 7 per ent – the sort of rate last een in the early 1970s. Even llowing for higher productivty, this is clearly well in xcess of the economy's supply otential, as the Bank of ngland stressed this week.

The excess demand has been eflected in the sharp deterioation of the trade account and a modest increase in inflaion. Since the stimulus to the conomy was applied mainly hrough a relaxation of moneary policy and a sizeable sterıng depreciation against the)-Mark, it is perhaps appropriıte that the tightening has een achieved through a sharp ıcrease in interest rates and n appreciation of the pound gainst EMS currencies. Coneniently, the dollar has also een rising; the higher D-Mark ate has thus been attained ithout conceding a significant ıcrease in the pound's tradeeighted value.

)vertime working

The policy tightening was ınavoidable, but it does not mply that the inflationary isks run during the dash for rowth were excessive. The onsumer expenditure deflator, hich treats mortgage costs ıore sensibly than the retail rice index, has not risen sigificantly since 1986. Wage ressures are also less alarmıg than some headlines sugest. As the Bank notes in this eek's bulletin, much of the pparent acceleration of earnıgs reflects a rise in overtime orking. In other words it is a enign consequence of a buoyıt economy rather than a arning of perils ahead.

A temporary rise in inflation ;, in any case, a perfectly ıtional price to pay for the igher growth and job opportuities created in the past two ears. The critics in the City, ho preach austerity and ıaintain that Mr Lawson has ırsued irresponsibly lax poliies, betray little understanding of the still severe problems outside the prosperous southeast, and outside growth sectors such as financial services.

Unemployment, while somewhat reduced, remains an acute problem, especially for the long-term jobless. Suitable opportunities have not yet been created for many former manufacturing employees. The Government should be careful, therefore, not to apply the macro brakes too sharply in the face of what is still a minor acceleration of inflation. It is faced not with a frothy creditdriven boom, but with a solid industrial recovary that has simply gathered slightly too much momentum.

Healthy condition

The financial condition of British indnstry remains extraordinarily healthy. The Bank calculates that the real return on capital has risen to 11¼ per cent, the highest figure since 1964. More significant still, a series of international comparisons reveal that the UK has now closed the gap with its international competitors. During the 1980s, there has been a marked and almost continuous rise in the share of output taken by profits. Indeed, the broadest measures of profitability now show the UK on a par with Japan and well ahead of the US, West Germany or France.

Industry, however, may not yet have fully appreciated its enhanced scope for manoeuvre. Last year, investment by nonfinancial companies rose only 4 per cent in volume terms, a disappointing outturn given their financial strength. The ratio of capital spending to corporate income has declined quite sharply since the 1970s, largely because investment has not been revised up sufficiently to reflect the mucb stronger casb flow.

Recent investment surveys suggest that corporate attitudes are changing. Industrial capital expenditure may rise 12 per cent this year. Having spent years cutting costs and shedding staff, manufacturers are at last contemplating expansion. At least, they were until the worries about overheating surfaced and interest rates started to climb steeply. Mr Lawson now faces a delicate balancing act. Certainly, he has to keep the inflation bears reasonably content, but he also has to maintain confidence in the British growth "miracle." Among other things, this will entail not allowing the exchange rate to rise too high in an effort to keep domestic prices under control: a policy which is anyway implied by the weakness of the current account.

Barry Riley looks at the effects of tighter money on world equity markets

Last year's unfinished business

Where in the world should the investor go now? It is the perennial question for the increasingly numerous global investment strategists who scan the international markets, often from a London vantage point.

Added point has been given this week by tha unexpected half-point rise in the US discount rate, which many international investors immediately feared would lead to a new wave of monetary tightening around the world.

Parallels were drawn between the latest interest rate rises in Germany, the US and the UK and the global tightening a year ago that triggered the disastrous October 1987 stock market crash. Once again equity prices in most markets have been refusing to take notice of the warning signs in the bond markets. Wednesday's sharp falls in Tokyo and on Wall Street indicated that some investors were taking precautions.

Although stock markets have been strong this year, confidence has always been delicate. "We are walking a tightrope between overheating and recession," says Alistair Ross Goobey, international strategist at hrokers James Capel, adding: "There is no consensus at all about what will happen in 1989."

According to Christopher Clarke, investment chief of fund managers Henderson Administration, the economists were misled by last year's crash into forecasting recession. In fact, the world economy flourished and now rising interest rates and weakness in the bond markets are threatening the strength of equities.

"It is quite surprising that equities have held up so well," he says. "But company profits and dividends are very good." One thing is for sure: after their simultaneous crash in October last year, individual equity markets have diverged substantially in performance in 1988 so far. This has made life more difficult for the pundits, but it has rescued the concept of global diversification which relies upon diversity. If all the markets move in step, why go abroad?

In the first half of the year the FT-Actuaries World Index showed a gain of 21.5 per cent in terms of sterling (and 10.5 per cent in terms of dollars). Around that mean there was plenty of variation amongst individual national indices, with Australia, Singapore and Malaysia hitting the 40-50 per cent growth area measured in sterling, but the UK, Germany and Italy languishing with growth of 10 per cent or worse.

It will only take one or two months of worsening trade figures (and they are already bad enough, despite the recent modest improvement) to puncture confidence

Yet only South Africa and Austria showed actual declines as the world's markets struggled successfully to recover from the October crash. The two biggest markets, Japan and the US, representing respectively 41 and 33 per cent of the World Index in terms of capitalisation, both moved mnch in line with the average.

However, this generally satisfactory picture does not leave the strategists in a relaxed frame of mind. The economic background has not turned out at all as they expected at the beginning of the year. Then, recession was the fear, and was often regarded as a necessary evil that would help cure the world's economic and financial imbalances.

Instead the global economy has boomed. Japan has leapt ahead, US economic growth has stayed in the 3 to 4 per cent range, and even sluggish Germany has shaken off some of its torpor and could achieve 2¼ per cent growth this year. The result has been buoyant corporate profits, although all the projections of soft landings and the rebalancing of international payments have been thrown into doubt. Instead, interest rates are rising nearly everywhere and inflation has begun to pose an unexpected threat.

For Michael Lenhoff, global analyst at the London brokers and fund managers Capel-Cure Myers Capital Management, investors may have become too complacent. "Everybody could err in the same way as they did in preparing their estimates for 1988," he warns. "Six months down the road people may have to revise their forecasts of inflation upwards."

Peter Scott, who is in charge of international strategy at fund managers Gartmore, is particularly worried about the American scene. The US, he considers, is still living on a hand-to-mouth basis. The bankruptcy of Revco, the first of the big leveraged buy-outs to fail, has intensified Gartmore's fears about excessive indebtedness, both of the country as a whole and a large part of the corporate sector. "There is a danger period ahead for the US," says Scott.

But in 1988 so far, international investors have been recovering their nerve. Last year proved that in the face of volatile conditions investors tend to retreat back home. For example, in the final quarter of 1987 British investors pulled a net $5bn (£2.9bn) ont of US equities, and foreigners withdrew large sums from Japan.

Few statistics exist for international portfolio investment flows in 1988, but Japanese figures indicate that foreigners returned in force to the Tokyo stock market in the first four months of the year, seeking to correct what had proved to be an earlier mistake in abandoning the best-performing of the world's major markets.

At the same time, Japanese investment institutions have been plucking up the courage to diversify into US equities – although the booming Tokyo market has often continued to look more attractive to them.

Meanwhile the most spectacular action has been seen in many of the smaller Far Eastern markets, the so-called Tigers. Equity markets like those of Hong Kong and Singapore – savaged by the 1987 crash – have picked themselves off the floor.

Sizeable international funds have been launched to channel foreign money into the buoyant Thai market. And then there is the phenomenon of Taiwan, where share prices have roughly trebled this year. Capitalised at some $120bn, this is now nominally the eighth biggest stock market in the world. Officially the equity market in Taiwan is closed to foreigners, but there are apparently back-door ways of gaining exposure. Those who are in, however, had better be sure they know of a quick way ont.

The trouble is, the picture of Far Eastern markets frothing up in the face of rising interest rates around the world brings back uncomfortable memories of 1987. Last summer, monetary policies in Europe, the US and Japan were being tightened to head off buoyant growth of the money supply and its possible inflationary consequences, and there was a direct clash between soaring equity values and falling bond prices. In the end, tighter money triggered the October crash.

In response to that crisis monetary policies were subsequently relaxed around the globe and stability returned for a time. But more recently it has become apparent that the world economy is booming in a way which poses inflationary risks in several countries and could delay the reduction of the American trade deficit (while a corresponding UK trade problem has suddenly developed).

Yet despite a weakening bond market, strength in the leading equity markets has persisted. In absolute terms most of them are still nowhere near last year's levels, except for Japan – and soaring corporate earnings have helped to underpin the advances in the Tokyo market.

So, are we heading for a re-run of the sudden reversal of equity market sentiment? – even though the downside potential, given more realistic valuation bases and greater institutional liquidity, should be nothing like as great as in October 1987.

As usual the foreigners are perplexed by Japan. Against all external expectations it has continued to forge ahead, although it was knocked out of its stride by the unexpected US discount rate rise this week.

Foreign investors were right to try to get back into Japanese equities this winter and spring. But there are signs that they have failed to get the measure of big swings between sectors in the Tokyo market. Most foreigners remain bemused by the enormously high price-earnings ratios on Japanese stocks.

But, whatever their doubts, global investors have suffered too much from being underweight in Tokyo equities during the past few years to be willing to go on committing the same mistake. Although some are concerned that the Japanese market has been seriously losing momentum in the past couple of months, few are ready to be bearish.

Alistair Ross Goobey of Capel is one of the more cautious about Tokyo. "Financial stocks need to go up if the market's momentum is to be maintained," he says. "But they can't if interest rates are rising."

In general, though, Ross Goobey is one of the more optimistic strategists, reckoning that the world economy could be heading for a soft landing in 1989 in which growth will be slower and inflation rather higher, but through which profits growth can continue.

A common theme among many global pundits is their distrust of the strength of the dollar. Since its somewhat freakish low point at the end of the last year the dollar has risen by more than 20 per cent against the D-Mark and by some 12 per cent against steadier currencies such as sterling and the yen.

But it will only take one or two months of worsening trade figures (and they are already bad enough, despite the recent modest improvement) to puncture confidence. The uncertainties and evasions of the US presidential election lie ahead, promising months of an economic policy vacuum. Neither candidate has yet got to grips with the question of tax increases and the budget deficit, and they may not do so this side of the election unless they are forced to make a stand in the face of a stock market crash or a currency crisis. Meanwhile the Federal Reserve is energetically signalling concern about inflation.

A weaker dollar would at least be welcome to European exporters. And nowhere would such a development be more eagerly welcomed than in Germany, where capital is trying to flee the country even faster than the trade surplus can pile up.

Concerned about the strength of the US and Japanese markets, some international investors have been looking to Europe for greater fundamental value, especially to West Germany which has suffered a longer bear market than any other major country. Bnt although the weakness of the West German currency has provided something of a shot in the arm for the country's languishing equity market, which has performed reasonably well this year in local currency terms, the same weakness of the exchange rate has left Germany near the bottom of the league table from a global point of view.

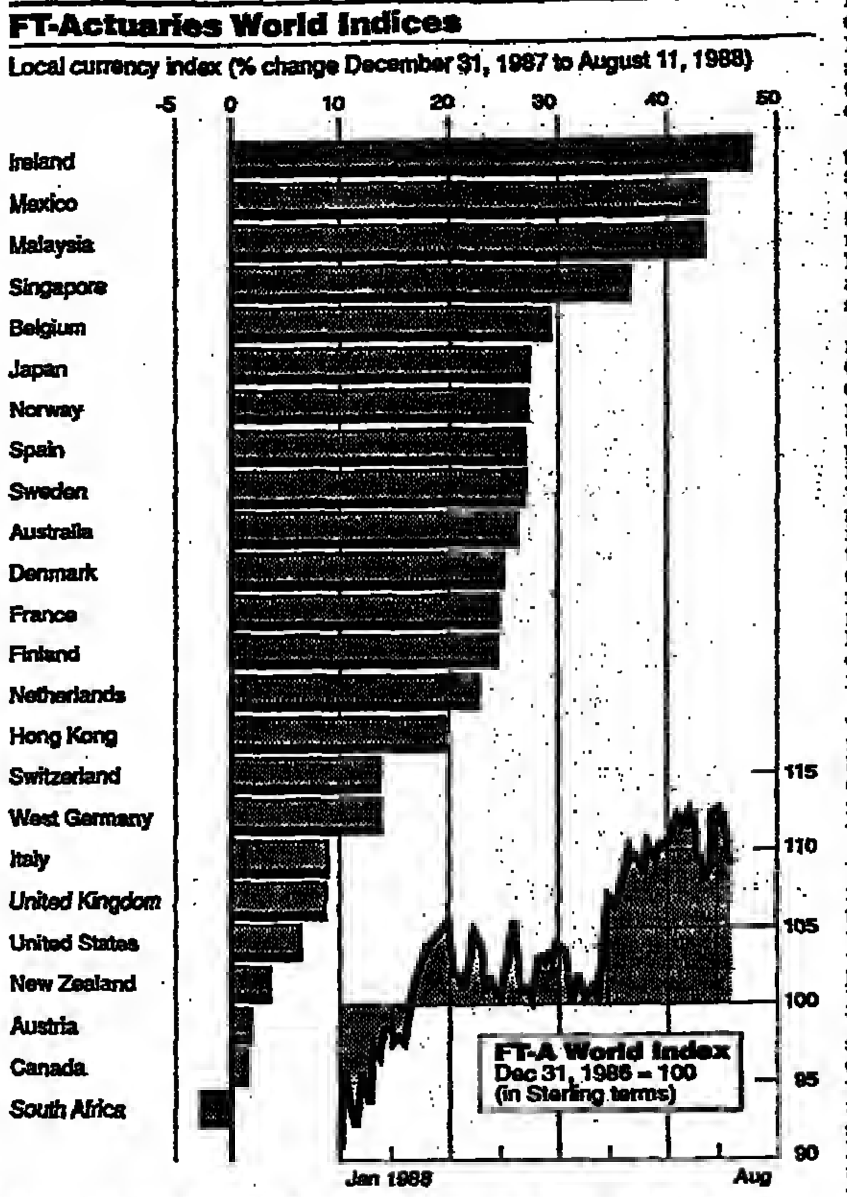
However, some see Germany as a market where inflation and rising interest rates provide a lesser threat than elsewhere. It could be the place where the next bull market will start.

Global investors have suffered too much from being underweight in Tokyo equities during the past few years to be willing to go on committing the same mistake

But in the short run, investors face pressures arising from last year's unfinished business. Governments around the world solved the immediate confidence crisis after the crash by throwing money at it, but they have now added inflation to the problems of distorted payments balances and overstretched banks.

This time around the markets are not so overstretched as to be vulnerable to the kind of twice-a-century falls seen in 1987. Yet if the coming squeeze may prove less violent in its effects, it could also last much longer. "This is a year for consolidation, and not trying to take many big bets," says Christopher Clarke.

FT-Actuaries World Indices
Local currency index (% change December 31, 1987 to August 11, 1988)



Jointly compiled by the Financial Times, Goldman, Sachs & Co. and Wood Mackenzie & Co. in conjunction with the Institute of Actuaries and Faculty of Actuaries.

MAN IN THE NEWS

Nazmu Virani

A patient man in a hurry to do business

By Vanessa Houlder

"I am a very patient man," says Mr Nazmu Virani, 39-year old chairman of Conol Securities, a property and ɔisure empire worth over 150m, as he contemplates his ıtest deal in an office close to ondon's Victoria Station.

This deal, an £85m acquisiıon from British Land, comes fter others with top players in ıe property world, such as Ieron International and Mounıeigh. It is a long way from ıe small supermarket in Lordhip Lane, East Dulwich, here Mr Virani set up busiess 17 years ago.

He may need his patience ow. For, as part of the latest eal, Control Securities bought 25 per cent stake in Stylo, the hoe retailer, from British and, which has been frusated in its ambition to unlock tylo's property assets for the ast three years. Mr Virani's opes are pinned on the rapɔrt he feels with Mr Arnold iff, Stylo's chairman. "There re tremendous similarities in or backgrounds and our ims," he says. "We have both een building our empires on ıe same lines."

Ironically, patience is not a uality commonly associated ith Mr Virani. It appears, for xample, to be belied by the ıeteoric rise of Control Securies from an £8m shell to a usiness worth £167m in the ast three years – an expanıon accompanied by the freuent and abundant issue of ew shares. This has left the ity with the impression that Ir Virani is in too much of a urry. "It is a fair criticism," ɔmments Mr Clive Anderson f Fiske & Co, the company's rokers, "although most of the eople who go places start off ı too much of a hurry."

Some critics go further, voicıg a belief thet Mr Virani is "a it too sharp." This credibility roblem, which stems both om the speed of Mr Virani's mpire building and perhaps om an element of prejudice, as not been helped by the avish tip-sheet following of ontrol Securities. This made it one of the most frantically traded stocks last summer – and one of the biggest casualties of the October crash.

The image of an unscrupulous wheeler-dealer is far from the mark, however. Mr Virani, an Ismaili Moslem, is a fervent believer in the virtues of loyalty, dedication and hard work. His business dealings are characterised by insistence on low borrowings, high yield and strong cash flow. "They are sensible deals rather than spectacular ones," comments Mr Tony Clegg, chairman of Mountleigh, which as well as doing business with Control, holds a 16 per cent stake.

Another criticism stems from the fact that Mr Virani deals with some of the top players in the property market, such as John Rithlat, Tony Clegg and Gerald Ronson. "People think that as somebody is too big or too powerful, it is obvious that the deal must be one-sided," he says. Not so, he insists, since Control's interests differ from its larger rivals as it picks up the smaller, second tier properties, which it holds mainly for income rather than trading.

In any case, Mr Virani's acumen can be judged from past achievements. From a single supermarket, bought after his family was expelled from Uganda in 1972, he built up a chain of supermarkets and hotels before buying into and building up two public companies – Belhaven and Control Industries.

The hallmark of Mr Virani's business philosophy is a passionate belief in the importance of assets. This is exemplified by the fact that the leisure interests which he is now fast injecting into Control Securities are all underpinned by valuable sites.

Yet when Mr Virani first came to the UK, he lacked the contacts which are vital to property dealing and which had helped his family build up a property empire in Uganda. Accordingly he plumped for a supermarket in "Hardship Lane" where success was assured by sheer slog. That expanded into a chain and he started to supply other Asian shopkeepers. The next step was small bed-and-breakfasts followed by a trade up to three star hotels.

In 1976, he bought into a moribund soft drinks manufacturer that was revitalised by using the hotels as a customer base. He attempted a similar trick at Belhaven, a brewing company, where he became chairman in 1984 and built up a 29 per cent stake. Although the share price improved from 18p to 85p in 1986 when he sold to Mr Raymond Miquel, former chairman of Arthur Bell, the City's verdict on his stewardship was mixed. One analyst says: "He is not really a brewer or a creative retailer. His chief interest is in the assets."

At Belhaven, Mr Virani was dabbling with property, helping publicans to finance their pubs. But the City advised him to find a separate property vehicle. This he did in 1985 with the loss-making Control Securities. Mr Virani bought a 48 per cent stake and set about reducing borrowings by selling and renting out property. Then he began to inject properties for paper, with the result that three years on, the company announced profits of £8.31m.

It is hard to understate Mr Virani's pride in his achievement. "I am more married to my business than I am to my wife," he says. He personally guaranteed £3.4m of borrowings for Control Securities. And his pride is also suggested by the fact that the October crash, which reduced his paper wealth by an estimated £38m, is described by him as "Golden Monday," on the grounds that it allowed him to replenish his stake in his company at what he sees as a bargain price.

He takes particular pride in his progress as a mark of the upward momentum of his own community. Telling evidence of the regard in which he is held by fellow Ugandan Asians is the fact that Control Securities' shareholder register contains no less than 23 pages of Patels and 15 of Shahs.

هكذا من الأصل

The mood is festive in the Kennedy Centre as Discovery is prepared for launch. **Peter Marsh** reports

Lift-off for morale at last

COCO BEACH

"People are feeling good," says a smiling Denise Stracey, manager of the Galaxy Station, a restaurant near the Kennedy Space Centre on the coast of Florida.

Behind this mood of satisfaction in the small towns surrounding the US's main launch base for its space shuttle fleet is the feeling that two and half years of misery over the programme is coming to an end. On Wednesday, engineers from the National Aeronautics and Space Administration (Nasa) succeeded in a 20-second test-firing of the main engines of the space shuttle Discovery.

It was the first outwardly visible sign of success for the shuttle programme since the accident in January 1986 which destroyed the Challenger shuttles. The mishap killed the seven members of Challenger's crew and cast a pall over the whole US space programme.

Since then Nasa has spent $1.3bn on design changes to Discovery and the remaining two shuttles in the fleet. The most important was a redesign of a faulty rocket seal that had led to the disaster.

After these extensive refits, Discovery is due to lift off within the next few weeks from the Kennedy Centre. The likely date could become known next week following efforts to fix a small leak in one of Discovery's small rocket boosters. This leak, discovered last month, is among a series of fine technical defects that has plagued the shuttle programme in recent months.

Assuming Discovery lifts off with its crew of five astronauts reasonably quickly, it should be followed by e further shuttle flight later this year and between three and five in 1989.

Getting the shuttle flying again is vitally important to the towns close to the Kennedy Centre – a series of isolated launch pads and buildings spaced out in a vast area of swamps and river inlets – the most important of which are Titusville, Coco Beach and Cape Canaveral. Their economies rely on the base both for direct employment and for service jobs.

According to Mr Jo Catrambone, director of the Titusville Chamber of Commerce, 65 per cent of the local economy depends on the Kennedy Centre. It employs 18,000 people, a combination of Nasa staff and contractors from big engineering companies like Lockheed and Macdonald Douglas.

The Kennedy base, moreover, attracts about 2.5bn tourists a year. Over the past 50 years the numbers have been climbing steedily and last month a new record of 386,000 visitors came to the base. Many of these – mainly Americans testifying to the deep hold the space programme has on the US public – use the motels and cheap restaurants around the Kennedy Centre.

However, the success or otherwise of the shuttle programme has implications which reach beyond the Florida coastal belt.

Nasa and its 20,000 employees have been shaken by the Challenger accident. It was caused, according to a presidential commission of inquiry, not only by technical malfunctions but by poor communication within the agency. The agency has since made sweeping management changes designed to improve quality control and ensure a higher awareness of safety.

Mr Lionel Johns, assistant director of the Office of Technology Assessment, a research arm of Congress, says that the public reacted better to the Challenger disaster than did Nasa. "The public accepts that going into space is about explorations and is not like riding on a bus," says Mr Johns. "It has been more willing to forgive Nasa than Nasa had been to forgive itself."

This is not to say that critics of the space agency do not exist. Mr Dan Greenberg, editor of Science and Government Report, a respected US science policy newsletter, says Nasa is a long way from having recovered completely. His main charge is that the agency continues to concentrate its efforts on its manned space programme – as manifested by the space shuttle – when unmanned, expendable rockets offer a cheaper method of taking payloads into orbit.

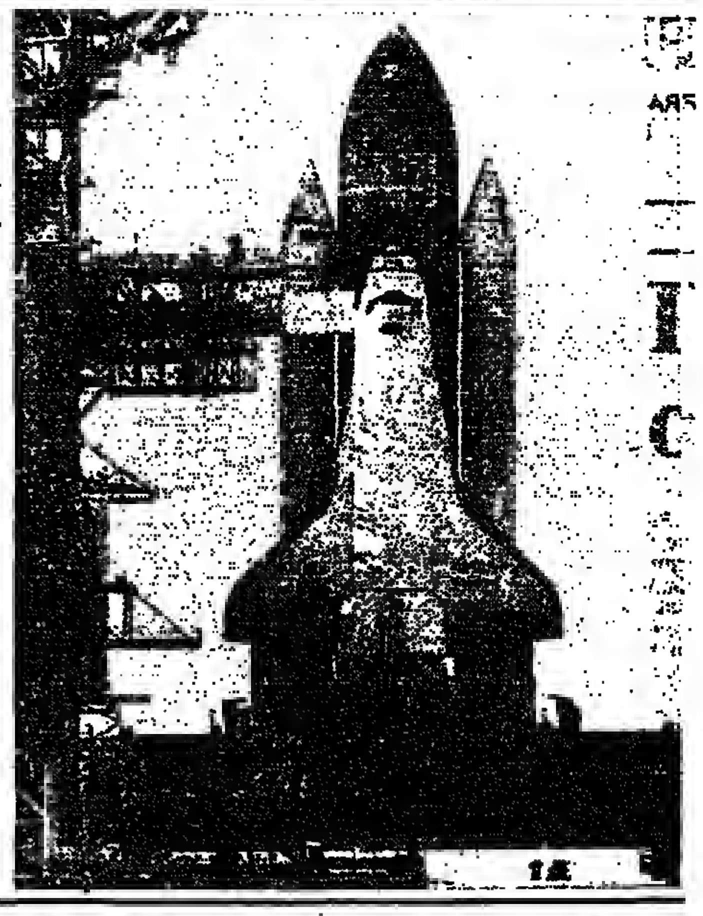
Indeed, some of the claims are difficult to reject. Even when it is not flying, the shuttle fleet is hideously expensive, largely due to the huge fixed costs of launch equipment and control systems. Last year, when there were no shuttle missions, the shuttles consumed roughly one-third of Nasa's $9bn total budget.

To counter this, Nasa is slowly working out proposals for a new fleet of unmanned launchers. One role for this could be to help put the next big space extravaganza into orbit – a manned space station which Nasa wants to construct in the next decade with international support.

In the short term the shuttles will lift a series of communications satellites for the defence department into the cosmos. The emphasis on military missions partly follows a change of US policy under which Nasa is no longer involved in launching commercial satellites. (This is now left to private sector operators of expendable rockets.) It is also partly because of two years' backlog of military spacecraft needing to get into space.

Within Nasa, and within the small towns surrounding the Kennedy base, the mood is upbeat. Mr Roy Johanson, a senior launch engineer at the Kennedy Centre, says the agency has done everything possible to make the shuttle safe. "I would have no hesitation in getting into that seat (in Discovery) tomorrow if anyone would let me."

Carla Berryhill, an assistant manager at the Gateway to the Stars Motel in Cape Canaveral says: "after the Challenger accident there were a lot of upset people around here. But they are getting excited again now."



Discovery: due to lift off within the next few weeks

Richard Tomkins discusses a city's ban on the consumption of alcohol in public places

Drinkers are sent to Coventry

Coventry, the city that gave us Lady Godiva and the world's first recorded streaker, is making history again: this time with a scheme to ban drinking in the streets.

From November, under a by-law approved by the Home Secretary, shopping precincts, parks and other public places to Coventry city centre will be dry. Anyone caught drinking alcohol, and refusing to stop when told, may be fined up to £100.

The move – the first of its kind in Britain – is significant because it seems likely to set a precedent.

Amid mounting concern about hooliganism and public disorder, what began as a local initiative has been seized on by the Government as a possible weapon to its fight against drink-related lawlessness.

Initially the ban will be experimental: the Home Office wants to be convinced that it can be enforced without becoming oppressive and that it effectively controls a perceived nuisance before enshrining it in the statute books.

Yet the Government is taking more than a passing interest. The Home Office has already decided to extend it to three or four other places – country towns as well as cities – to test its effectiveness in different environments.

If at the end of two years these pilot schemes are judged successful, a national ban could result.

The Coventry by-law, for all its appearance of n knee-jerk response to recent concern over drink and violence, is not a new idea. Its origins lie in an imaginative package of measures drawn up by the city two years ago in an attempt to tackle alcohol abuse.

Many of the measures, involving schools, welfare agencies, businesses and magistrates, were totended to address the causes of problem drinking, but the proposed by-law was directed at one of its more obvious symptoms: groups of youngsters drinking from cans in city centre shopping areas, particularly during the afternoon gap between pub opening hours.

The Labour-controlled city council argued that this uncontrolled drinking (that is, other than within licensed premises) frightened shoppers away, tarnished the city's reputation and led to drink-related crime.

The Home Office, however, had at least two reservations over the proposed solution:

- One was that, since the consumption of alcohol was not unlawful, doing it to public should not in itself be construed as implying malicious intent.
- The other was that existing laws provided sufficient remedy against drunken and disorderly behaviour.

In the end, the Government's keenness to take a strong line on public order appears to have won over the desire to preserve civil liberties. But Coventry makes no apology for the result.

"I think the balance of the argument is on our side," says Ken Lomas, director of the city council's property services department.

"At the moment there are a lot of people – the elderly, and those with young children, for example – who are prevented by apparently threatening behaviour from going where they want to go.

"It seems to me that they are suffering n much greater loss of civil liberties than a relatively few people doing anti-social things."

But what about the drinkers not doing anti-social things? Indeed, will there be one law for the yuppie sipping Dom Perignon over an al fresco quail's egg, and another for the punk with the six-pack and chip butty? Fortuitously, this is one dilemma that does not present itself. As Mr Lomas observes: "We don't have many champagne-swilling yuppies in Coventry."

But in any case the answer to the question is no: there will not be any discrimination between one type of drinker and another. The thirsty foreign tourist pausing by the cathedral ruins for a mid-afternoon lager, the mob of hooligans bent on an orgy of drinking and destruction, the journalist with his pint: all will be denied their pleasure.

Coventry hopes this clear-cut approach will prevent confusion and reduce inadvertent breaches of the by-law. As a corollary to that, and mindful of the danger of creating an atmosphere of repression, it hopes to avoid the need for signs on every street corner drawing attention to the ban.

A sip of alcohol outdoors will not result in entomatic prosecution, says the council. It will only be an offence after a warning from a police officer or authorised council official is ignored, and that is unlikely to be often.

Yet it would be folly to suppose that the by-law will not create its own problems. One fear is that it may simply displace drinkers from the centre of the city to the suburbs, eventually resulting in a wider and less easily enforceable ban. It is also just conceivable that some drinkers who might otherwise have sipped a can of lager to the park will consume larger quantities of alcohol in the pubs when all-day opening is introdnced on August 22.

Application of the law to drinkers sitting or standing outside licensed premises could also prove contentious. As long as drinkers are within the curtilage of the premises, says the council, they will not be affected: but there are bound to be grey areas where the law does not coincide with local custom.

Low-alcohol beers will present problems of their own, requiring police to keep themselves well informed on product innovations to avoid making wrongful arrests.

It is not yet clear whether, or how, the law will apply to people drinking in cars or coaches. And determined drinkers will evade the law by the simple expedient of decanting alcoholic drinks into soft drink cans.

Conversely, it would be wrong to exaggerate the obstacles. Coventry will be able to draw on the experience of other cities in the world which successfully operate outdoor drinking bans, including many in the US.

And for all the potential difficulties of interpretation, the proposal is drawing warm support in Coventry itself. For reasons best left to the social scientists to explore, the city seems to have more than its fair share of drunkenness and violence, and people who live there are fed up with it.

Police, too, are delighted with the by-law in spite of the extra burden of enforcement it implies. They say some 80 per cent of violent crimes in Coventry are drink-related and hope the ban will bring some respite.

Elsewhere, other towns and cities seem to be falling over themselves to follow Coventry's lead. Coventry itself has received more than 100 inquiries about the scheme and the Home Office is sifting through 30 expressions of interest from other councils to decide which districts should be selected for the other experimental bans.

The cynical view of all this, of course, is that it is a needless infringement of civil liberties that goes a long way towards removing unsightly alcoholism from the streets while doing little to eradicate its cause. But with those who stand to lose – mostly young, foreign, drunk or all three, the voices of protest are weak. The experiment appears doomed to success.

LETTERS

A local income tax

From Mr John Thomson.

Sir, Mr Cortlyn Rhodes's strictures (Letters, August 8) on our present system of rates are entirely justified. But taxing the market value of all property has one big drawback: the need for a comprehensive revaluation every five years.

It also fails to bring into the (local) taxation net all those who benefit from local services. Under the market value scheme the burden of taxation would still fall on the property owner alone.

A local income tax would have the benefit of bringing all adult, income-earning citizens into the tax net. It would also be a progressive tax, unlike the ill-conceived poll tax.

If local income tax were levied according to place of domestic residence, it might be necessary to levy a different kind of local tax on businesses. A tax on the site value of business premises, with a generous starting exemption rate to help small businesses, could meet this need.

Such a tax could be n fair replacement for the Government's uniform business rate. It would also make the holding of empty or under-used property far less attractive.

John Thomson,
South Farm House,
West Overton,
Marlborough, Wiltshire.

Four-term school year

From Mr Gordon Cunningham.

Sir, I was interested in your report (August 3) that the Nottingham City Technology College was considering introducing a four-term year, and your reference to the hope expressed by Mr Kenneth Baker, the Education Secretary, that these new Government-funded schools would "break the mould of Britain's education".

The Association of County Councils, with a good deal of support from what is normally – and critically – called "the education establishment," has been promoting the idea of a four-term school year for some time. A change in the pattern to allow school days to be spread more evenly across the whole year would be to the advantage of both pupils and teachers.

Unfortunately the Government has shown very little interest, and failed to take the opportunity to use the recent Education Bill to do anything about it.

The trouble with the current fashion for "breaking moulds" is that the good can be thrown away with the bad. What we are suggesting would involve changing the mould to get better value for our investment. This is one area where Government could give a useful lead.

Gordon Cunningham,
Association of County Councils,
Eaton House,
66a Eaton Square, SW1

Some prison services could be privatised

From Mr John Wheeler MP.

Sir, Edmund Dell (Letters, August 9) raises some important questions about the involvement of the private contractor in the provision of remand centres, remand hostels and the escorting of remand prisoners between courts, and contracted-out remand centres.

In the Green Paper, the Government invited comments on the issnes of principle and practice raised by these options. When the Home Affairs select committee, of which I am presently the chairman, looked at the arrangements for the contract management of prisons in the United States in October 1986, those of us who examined these facilities were impressed with the precise nature of accountability over the quality and standard of the service provided.

That accountability is given in the precise terms of the contract drawn up between the Home Office and the private company. The state always retains the responsibility for the care of remand prisoners, but sub-contracts the responsibility for the provision of the service to a responsible commercial party.

In turn, the commercial company itself is held to account by the certainty that any failure to adhere to the contract, or any other wrongdoing, would result in the loss of the contract and, in all probability, proceedings before the civil courts.

Furthermore, in sharp contrast to the bureaucratic form of accountability which exists in respect of the state sector, the commercial contractor is only too anxious to afford immediate and regular visits to its establishments, not only by legislators and the judiciary, but also by the media industry, which may comment and report at any time upon the quality and excellence of the standards it finds – the finest form of accountability.

It results in a standard of facilities the like of which is virtually unknown in the state eector. It means that each remand inmate is in his/her own cell, which includes lavatory, washbasin, mirror, light and access to natural light. In addition, in the public part of the facilities, the inmate enjoys access to television, food, bathing area, a work centre and, where relevant or necessary, education facilities.

All this is in sharp contrast to state faciliities, and I am constantly amazed by the reluctance of prison reform groups to grasp the opportunity to ensure the provision of accountable remand facilities to the highest possible standards.

With regard to Edmund Dell's suggestion that the Government should enshrine in law the principles of standards in state prisons, I can only remark that this is quite impracticable because, if done in England and Wales, it would result in the probable closure of a substantial part of the existing prison facilities.

My opinion is that with the modest involvement of the privete sector, there would be a dramatic challenge to the state to get its own house in order: this is a challenge which we should all willingly embrace.

John Wheeler,
House of Commons, SW1

Sensible to charge admission

From Mr David Cartwright.

Sir, Cathedrals are tourist attractions (FT, July 25); why should people not pay to visit them?

Lincoln – my birthplace – has (to my unbiased mind) the most spectacular cathedral in Europe. A delightful collection of buildings, ranging in age from Roman to Victorian, lie scattered around the minster grounds. Why not enclose the area and have people pay to enter it? (Lincolnians would have free access.)

We Canadians, together with Americans, Japanese and Europeans, spend large sums visiting Disney-like parks to see artificial fairyland. Why not promote the real thing?

David Cartwright,
317 Maplehurst Avenue,
Oakville,
Ontario,
Canada.

'US discount rate increase came as no surprise'

From Mr Daniel Thornton.

Sir, On August 9 the Federal Reserve Board voted unanimously to increase the discount rate from 6 to 6.5 per cent, the first change since early September 1987. The increase came as no surprise.

Nevertheless it has given rise to widespread expectations of further increases in US mortgage and other interest rates. The belief that it will lead to sharp increases in other US interest rates stems from a fundamental misunderstanding of the relationship between the discount rate and market interest rates.

Unlike nearly all other US interest rates, the discount rate is set by decree, not by the forces of supply and demand. Thus – and because the level of depository institution's Fed borrowings are both relatively small and regulated by administrative rules – there is no fixed relationship between changes in the discount rate and changes in market interest rates. Other things being constant, a change in the discount rate would produce a modest (probably imperceptible) change in market interest rates. If discount rate increases are to lead to sharply higher interest rates, they must signal that the Federal Reserve intends to curtail the reserves it supplies to the market.

Mostly, however, discount rate changes follow rather than lead the market. Tuesday's change was no exception. US short- and long-term interest rates had risen sufficiently during the past four months to prompt a one percentage point rise in commercial banks "prime" lending rate (in two steps: a half point rise in May and another in July). The rise in market interest rates had widened the spread between the federal funds rate and the discount rate from about 60 basis points in March to about 175 basis points by Monday.

This spread represents the cost depository institutions face in deciding whether to adjust their reserve positions in the money market rather than through the Federal Reserve's discount window (the wider the spread, the cheaper to borrow from the Fed). So the rising spread has been associated with a steady rise to borrowings from the Fed. If the Fed wishes to reduce this incentive to borrow, it can raise the discount rate and thereby narrow the spread. This will reduce the incentive to borrow – and thus the level of borrowings.

If the rise in the discount rate merely causes market interest rates to rise by an equal amount, however, the objective of reducing borrowings by reducing the federal funds-discount rate spread would be foiled. It appears that this was the objective, at least in part.

The rise in US market interest rates does not appear to result from a significant move by the Federal Reserve to a more restrictive monetary policy. If the discount rate change was largely a technical adjustment to higher US interest rates, then it may contain little *new* information about the path of US interest rates.

These same market forces may continue to push US market interest rates higher. However, it would be quite wrong to attribute this to Tuesday's discount rate increase.

Daniel Thornton,
Department of Economics,
University of Missouri-St Louis,
USA

UK COMPANY NEWS

Trevor Humphries

Nat Solomon (left), chairman of Pleasurama and Robert Earl, president of its US operations, jubilant after shareholders backed their plans to buy the Hard Rock restaurant chain. Their elation was muted later when Mecca Leisure announced its decision to proceed with a £750m bid for the enlarged group.

Rentokil plans to brighten up the Australian office scene

Rentokil, best known for its pest control business, is to brighten Australian office atriums and shopping centres with the extension of its tropical plant supply and servicing operation, writes Andrew Hill.

The group, which already has a tropical plant business in the UK, announced yesterday it had bought Green Fingers Garden Centre and its subsidiary, The Perfumed Garden – both based in Sydney, Australia – for a total of A$7m (£3.28m) in cash.

Rentokil hopes to repeat the success of its UK business, which supplies and maintains tropical plants in offices, banks, hotels, shopping centres and public buildings.

In the last full year Green Fingers made A$1.2m on turnover of A$4.5m. In 1987, Rentokil reported profits of £2.4m on sales of £11m in Australia and the Pacific, where it already offers a range of environmental services.

Ayrshire Metal shares surge by 21%

Ayrshire Metal Products, the Scottish light engineer and fabricator yesterday turned in a sharp upturn in profits from £257,000 to £1.08m for the first six months of 1988. The shares responded by rising 32p to 185p. Turnover expanded from £10.44m to £15.05m. On the back of earnings of 13.7p (3.3p) the interim dividend is being increased by 3p to 3.5p per 25p share.

The directors said there were no signs at present to indicate any reduction in market activity. Earlier this year they intimated the termination of discussions on the possible sale of the company's Daventry subsidiary due to improving profitability. This had been borne out during the half year with greatly increased activity and profitability being achieved. At the Irvine and St Helens plants a similar situation had prevailed with much greater plant utilisation being realised compared with recent years.

For the 1987 year as a whole Ayrshire swung from losses of £267,000 to profits of £966,000, with most of the recovery arising in the second six months. At that time the company pointed out that market conditions had generally improved in all areas although margins had remained inadequate.

It was announced yesterday that Mr C. Gray had resigned as a director.

Harris Queensway

Lowndes Ventures, the new company chaired by Mr James Gulliver, yesterday declared its £450m offer for Harris Queensway, the furniture and carpet retailer, unconditional, writes Vanessa Houlder.

The announcement followed the Stock Exchange's decision to admit Lowndes shares to the Official List. Dealings start on Monday.

Lowndes also announced the appointment of Mr Bryan Portman as its director of corporate finance.

Mr Portman, who worked for Mr Gulliver from 1978 until earlier this year, was responsible for controlling corporate development at the Argyll Group. He joins from the TSB Group, where he was involved in formulating strategy.

It was also announced yesterday that Mr Martin Watts had resigned as a director of Harris Queensway.

Telfos/Runciman

Telfos Holdings, engineering group, has increased its stake in Walter Runciman to 28.09 per cent with the purchase of 40,000 shares at 328p, equal to the cash alternative in its £30m hostile bid for the diversified shipping group.

The value of Telfos' paper offer, comprising ordinary and cumulative preference shares and warrants, fell again yesterday to 341.5p. Runciman was unchanged at 331p. The bid closes a week tomorrow.

Bullers in the red

A one-off exceptional provision of £324,000 for rationalisation costs converted first-half operating profits of £110,000 into pre-tax losses of £237,000 at Bullers, manufacturer of china and enamel products.

There were interim pre-tax losses of £172,000 last time from operating losses of £195,000. Turnover in the period advanced to £5.59m (£3.97m).

Losses per share worked through at 1.99p (losses 1.57p). Before rationalisation costs, earnings would have been 0.18p and the directors are maintaining the interim dividend at 0.5p.

Mergers cleared

The proposed acquisition by Alexon Group of Ellis and Goldstein (Holdings); Tate and Lyle of Staley Continental; and GEC of 35 per cent of National Nuclear Corporation will not be referred to the Monopolies and Mergers Commission.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Ayrshire Metal ....int	3.5	-	0.5	-	2
Bullers ....int	0.5p	Oct 3	0.5	-	2
Tilbury Group ....int	2.6	-	2.2	-	9.2

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ‡Third market.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
125	F.P.	-	171	125	Builder Group 10p	170		L2.22	4.3	1.7	14.5
145	F.P.	-	173	145	Christie Group 2p	173	+5	L3.5	3.1	2.7	15.9
100	F.P.	12/8	313	305	§City Gate Ests. £1	308		L8.25	2.9	3.6	10.5
75	F.P.	16/9	83	79	Dukeminster 10p	81	-1	N1.13	2.0	1.9	35.4
-	F.P.	22/7	143	135	English & O'seas Props 10p	136		R2.6	4.9	2.5	8.4
165	F.P.	22/8	170	168	Erostin Group	168		b5.5	3.3	4.4	8.8
95	F.P.	-	108	88	Eurocopy 5p	96	-1	R2.19	2.5	3.0	16.6
-	F.P.	-	53	48½	Glasgow Inc Tst+Wrrnts	52		-	-	-	-
95	F.P.	-	186	100	‡Heritage 10p	183	-2	L2.75	2.4	2.0	22.8
115	F.P.	22/8	165	128	§Lincat Group 10p	160		3.7	2.5	3.1	14.9
120	F.P.	-	151	123	National Telecom 5p	146	+1	L2.0	4.1	1.8	14.3
100	F.P.	28/7	106	91	Needler Group	95	-1	u09.8	2.1	4.5	10.4
50	F.P.	26/8	74	58	§Optim Group 10p	61		-	-	-	20.9
-	F.P.	-	250	240	Palmerston Hldgs.	240		u7.5	1.3	4.2	18.3
‡	F.P.	-	88	78	RIT Capital Partners £1	78		-	-	-	-
140	F.P.	27/7	161	146	‡Relect Shop 5p	146		u3.15	2.2	2.9	18.9
140	F.P.	5/8	141	120	Rockfort Group 20p	128	-1	R3.9	3.3	4.1	8.3
125	F.P.	19/8	153	125	Savills 5p	128		L3.0	2.5	3.1	14.1
‡	F.P.	-	143	115	Seafield	126		-	-	-	-
-	F.P	-	21	14	Waverley Mining Warrants	21		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
130p	F.P.	-	104p	102p	Attwoods (Fin) 8¼pc Gtd Rd Cv Pf 5p	103p	+1
-	F.P.	12/8	313p	306p	§City Gate Ests 3¼pc Cm Cv Prf £1	308p	
‡	Nil	16/9	8pm	6pm	Hampson Inds.6.5pc Cv Cm Rd Pf	7pm	
65	F.P.	12/8	£65¼	£65⅛	Housing Fin. Corp. 7pc Deb. 2009	£65¼	
100p	Nil	20/9	5	¼	NMC Group (Net) Cv Cm Rd Pf 10p	¾	-¼
-	F.P.	-	100	99½	N'wide Ang 10⅜pc 17.7.89	99½	
-	F.P.	-	100	99⅞	Do. 11¼pc 7.8.89	99⅞	
100p	F.P.	-	115p	110p	Prestwick Hldgs 7¼pc Cv Rd Pf £1	110p	
‡	F.P.	-	£86½	£79½	RIT Capital Ptnrs 2½pc Cv Uns Ln 2000	£82½	+3
100p	F.P.	-	108p	98p	Summer Int'l 7½pc Cv Rd Prf	98p	-2
100p	Nil	2/9	5pm	½pm	Tomkins 6.25pc (net) Cm Cv Rd Pf 20p	½pm	
100p	Nil	-	107pm	103pm	TVS Enter. 7.4p Cv Cm Rd Prf 2008	106pm	+1
‡	F.P.	-	106p	103p	Wagon Ind'l. Hldgs. 7¼pc Cv Ptg Pf	106p	
‡	Nil	21/9	2pm	½pm	Waterglade Intl.7.75% Cv Cm Rd Pf	½pm	

Core businesses take priority as disposals continue

Beecham sells peripheral cosmetics arm for £22.4m

By Andrew Taylor

BEECHAM GROUP, British pharmaceuticals and cosmetics group, said yesterday it had agreed to sell its Juvena cosmetics business for £22.4m. Beecham has raised more than £400m from disposals since it completed a strategic review of its operations two years ago.

Juvena, which has companies in Switzerland, West Germany, Spain and Australia, was formerly part of British-American Cosmetics which was acquired by Beecham for £125m in January 1985.

Other British-American Cosmetics companies to be sold by Beecham as part of a clear-out of peripheral and under-performing businesses are the loss-making US cosmstics interests of Germaine Monteil and Parfums Grés of Paris.

Last month it sold Beecham Cosmetics, representing the remainder of its US cosmetics interests, to its American management for $91.5m (£53.46m).

Juvena is also being acquired by management in a buy-out backed by Emesco, a Swiss financial services group. The purchase was organised by PaineWebber International, US investment bank.

Financing was arranged through a group of leading Swiss and German banks. Beecham said yesterday that the transaction was one of the first management buy-outs to take place in Switzerland.

Juvena made pre-tax profits of just over £1m on sales of £40m in the year to the end of March. The purchase price includes about £10m for the discharge of liabilities.

Following the sale, Beecham will retain a sizeable cosmetics business including a number of major names acquired from British-American Cosmetics including Yardley, Lentheric, Morny, Cyclax and Monteil's European interests.

British-American Cosmetics, which was renamed Bond Street Cosmetics, had about 2 per cent of the US cosmetics market and about 10 per cent of the British market when it was acquired by Beecham in a 29.1m share-placing three years ago.

Other cosmetics interests retained by Beecham include Lancaster, which also produces personal-care prodncts under the Davidoff label, and Margaret Astor which also produces mens' body-care products carrying the Adidas name.

Beecham's cosmetics sales of £438.5m in the year to the end of March represented almost 18 per cent of total group sales of £2.48bn. Cosmetics operating profits of £44.6m represented a return on sales of 10.2 per cent and accounted for 8 per cent of total group trading profits.

The figures included Beecham Cosmetics in the US which last year generated pre-tax profits of just $7m on sales of $115m.

One of the reasons for the disposal programme, which has affected more than just cosmetics companies, has been to improve returns and allow Beecham to concentrate on its more successful core businesses in the pharmaceutical, healthcare and cosmetics sectors.

BEECHAM DISPOSALS

Company	Date	Value £m
Food & Drink		
Horlicks Milk Rounds (UK)	3/86	5.8
Batchelors Food (Rep. Ire.)	7/86	12.5
Morton Canned Foods (UK)	12/86	8.5
Findlater Mackie Todd (UK)	1/87	4
Eurobrands (UK)	1/87	3
Beecham Soft Drinks (UK)	1/87	120
Coca-Cola Franchise(UK)	1/87	18
Toiletries & Cosmetics		
Ace Combs (US)	7/86	2.3
Diplona Hair Brand (W.Ger.)	12/86	5
Germaine Monteil (US)	3/87	1.5
Parfums Grès (France)	3/87	5
Beecham Cosmetics (US)	7/88	53.8
Home Improvements		
UniBond; Roberts etc (UK,W.Ger.,France)	12/86	42
Roberts Consolidated (US)	3/87	28
DAP (US)	8/87	74.5
Chemicals		
Rehels Chemicals (US)	3/86	16
Animal Feeds		
Vitamealo (UK)	6/87	1

Bid for Peachey extended

By David Waller

WERELDHAVE, the second largest property company in the Netherlands, yesterday extended its £265m bid for Peachey Property Corporation until September 8.

It also responded to last week's strongly worded defence document from the owner of Carnaby Street in London's West End, and berated the quality of the UK company's property portfolio and the way it was managed.

Peachey had argued in its defence document that the bidder should pay a premium over the company's net asset value of 629p per share: Wereldhave's bid is pitched at 612p a share.

Mr Onno Husken, Wereldhave's chairman, wrote to Peachey's shareholders arguing that Peachey's net asset value at June 24 was really 618p, after deducting tax on trading properties. And, he added, if Peachey's entire contigent tax liability of 94p a share was stripped out, its net asset value would have been 535p a share.

Mr Husken maintained that no premium was justified, for five reasons:

- Peachey's property portfolio is not exceptional, with very few high-quality buildings in prime locations. "It concentrates heavily on secondary properties and has numerous low-value investments widely dispersed.
- Peachey's management was not exceptional. Wereldhave claimed that there was very little evidence of active portfolio management, citing the example of Carnaby Street. "The major part of Peachey's investment in the Carnaby Estate was acquired in 1983 and yet, some five years later, the majority of the outlets on the estate are small and many sell downmarket goods."
- There was no significant development programme. Mr Husken said that Peachey had only one significant development project under consideration.
- The growth prospects were uncertain, due to the predominance of secondary properties in Peachey's portfolio. "With interest rates rising and with commentators questioning the prospects for the retail property sector, Wereldhave asks whether the growth in the portfolio's value can be maintained."
- Peachey's performance has relied heavily on trading profits.

Peachey responded to all this by reiterating its commitment to remaining independent, and advised its shareholders to take no action.

Wereldhave announced yesterday that at the bid's first closing date, it had won acceptances for its bid from shareholders with just 0.67 per cent of its target's shares. It already owns a 10.42 per cent stake.

Peachey's shares added 4p to close at 623p.

Lion's roar lends clout to blank video sales

By Clare Pearson

ANOTHER LEGENDARY icon from the glory days of the silver screen succumbed to the video age yesterday. It was announced that the roaring lion's head, which heralded the start of countless Metro-Goldwyn-Mayer films, is to be used to boost sales of blank video cassettes and audio speakers.

In what is believed to be MGM/United Artists' first licensing agreement of this kind, the hard-pressed film company has sold to Entertainment Production Services, a British company, the European rights to use its name and famous trademark on its audio and visual products.

Mr Patrick Dobson, chairman of Entertainment Production Services, said EPS was "delighted" that it would be able to affix the readily familiar logo to its products.

This is the latest licensing agreement making use of well-known names to be made by the management team brought in a year ago to resuscitate loss-making EPS.

On Thursday, shareholders of the USM-quoted company approved the acquisition of International Media Communications, another video company which has the European rights to distribute the National Geographic Society video library, for more than £12m in shares.

Along with the MGM deal, the company yesterday also said it had obtained the European rights to the library of Worldwide Television News, which is owned jointly by ABC of the US, Britain's ITN and Channel Nine of Australia.

In the year to April 30, EPS pared losses from £650,000 to £61,000. IMC, whose name EPS will adopt, has warranted profits for the year to April 1989 of at least £850,000.

MGM/United Artists could not be reached for comment on the trademark sale yesterday. A complex plan to refinance the US film company fell through at the end of last month.

Dispute delays SE listing for Lloyd's broker

By Nick Bunker

THE STOCK market has lost a chance to see another Lloyd's insurance broking group receive a full listing, following a breakdown of merger talks involving the broking subsidiaries of Henry Ansbacher Holdings, the merchant bank.

Ansbacher had planned to merge its insurance broking arm, Seascope, with W.S. Moody Holdings, an unquoted insurance broker with a Lloyd's broking subsidiary, Hinton Hill & Coles. Moody is primarily a UK retail broker but it also owns just over 50 per cent of Seattle-based Pettit & Morray, the largest US ski industry insurance intermediary.

Mr Richard Fenhalls, Ansbacher's chief executive, said last night that the proposal was for Ansbacher to take a 40 per cent stake in the enlarged W.S. Moody.

"It was our avowed intention to seek a separate Stock Exhange listing for Moody," he said. It is understood that this would have occurred within 18 months. The new company would also have included Ansbacher's 75 per cent of Adams & Porter, a US broker.

On Thursday, however, discussions collapsed after the two parties failed to strike a deal over the voting structure of the new company.

Mr Fenhalls said: "We had agreed that Ansbacher would have 40 per cent. But the Moody side felt that we should not vote more than 30 per cent."

Mr Bill Moody, Moody's managing director, said that some Moody shareholders had been unhappy that 40 per cent of the votes would have given Ansbacher effective control, he said.

He added that it was still Moody's intention to seek a Stock Exchange listing, but this would have come sooner if the merger had gone through.

The news leaves Ansbacher with the need to expand Seascope to make it fully viable. Owing to staff defections, falling premium rates and the weak US dollar – the international insurance currency – Ansbacher's insurance broking operations made a £14,000 pre-tax loss in the six months to June 30.

Ansbacher said yesterday that it would continne to develop its insurance broking side by organic growth, recruitment of personnel, and acquisitions.

Tilbury profits advance 33% to £4m halfway

By Vanessa Houlder

TILBURY, contracting and property company, yesterday announced a 33 per cent increase in pre-tax profits from £3m to £4m, for the six months to June 30.

In addition, there was an extraordinary profit of £1.4m, from the sale of the company's headquarters, which is now held on lease. Turnover increased to £77.3m (64.1m).

Mr Patrick Edge-Partington, chairman, described the results as excellent and said they provided a firm base for an encouraging outcome to the year as a whole.

Mr John Chittock, finance director, said that although the company was sanguine about the stake held by Govett Strategic Investment Trust, which stands at 20 per cent, it "kept it sharp on its feet". As Govett had put Tilbury into play by selling its stake in Raine Industries in 1986, it would be naive to think that it would not do it again, he said.

Both divisions contributed to the profits increase, with a particularly strong performance by the property division which benefited from a buoyant market.

In the construction division, Tilbury Construction was hampered by higher than expected labour costs. However this was offset by a strong performance from the specialist contracting businesses, which benefited from a boom in demand.

Borrowings were unchanged from the level at the beginning of the year at about £500,000.

Earnings per share increased from 9.6p to 12.7p. An interim dividend of 2.6p per share has been declared – up from 2.2p in 1987.

French worry for water contractors

By Andrew Hill

BRITISH WATER contractors are increasingly concerned that French investment in statntory water companies may deprive them of Incrative water treatment projects.

They have criticised Sonth Staffordshire Water Company's suggestion on Monday that the French supplier Compagnie Générale des Eaux – which has a 23.9 per cent stake – may help the company build denitrification (removal of nitrates from water) plants.

Three large French water suppliers have been investing heavily in the UK's 29 water companies recently in preparation for the privatisation of the 10 larger water authorities.

British groups are worried that major shareholders might be awarded contracts without the statutory companies having to invite tenders.

The British Effluent and Water Association, which represents process contractors, manufacturers and suppliers of water treatment systems, has said that water companies should guarantee fair and open tender adjudication. Dewplan, a private water contractor, has also suggested that British technology may be superior to French in removing nitrates from UK waters, as required in a recent European Community directive on water purity.

South Staffordshire said yesterday that French companies had been operating denitrification plants for some time. It had contacted a number of French and British companies about the denitrification project, which could involve the building of up to six plants, costing a total of between £6m and £10m. South Staffordshire has yet to decide whether to go out to tender or to negotiate the award of the contract.

Mr John Harris, company secretary, said yesterday: "We are also looking actively at forming a research project – possibly with the French and possibly with a British company – to establish one plant which we shall monitor before going any further."

BICC disposals will help offset purchase costs

By Andrew Taylor, Construction Correspondent

BICC, the cables and construction group, has sold for £35m ($60m) the connector division of BICC-Vero Electronics and the Sealectro group of companies it acquired for $70m in the US in 1981.

The companies have been sold to ITT Corporation. The purchase price, including debt repayments of £3.8m, will help to offest the cost of BICC's recent purchases of Ceat Cavi, Italy's second largest cable manufacturer for £90.4m and Continental Wire and Cable the US cable manufacturer for £14m. BICC said borrowings following the Ceat Cavi and Continental Wire and Cable purchases had been expected to increase to about 25 per cent of shareholders' funds by the end of this year. The sale to ITT meant that borrowings would now be around 15 per cent of shareholders' funds.

Pernod-Ricard takes stake in Irish Distillers

By Lisa Wood

Pernod-Ricard, the largest drinks gronp in continental Europe, has bought an undisclosed number of shares of Irish Distillers, the distiller of Bushmills whiskey confirmed yesterday.

Irish Distillers, which is fighting a hostile takeover by GC&C Brands, a joint venture set np by Allied-Lyons and Grand Metropolitan to mount the bid, said Pernod had informed it of its intention to buy some shares.

It did not know how many shares had been purchased but said the stake must be less than 1 per cent as no notification had been made to the Stock Exchange. Pernod-Ricard had made no particular approach concerning any arrangements should the GC&C bid collapse. Earlier this week trading in Irish Distillers' shares was heavier than usual but the price remained unchanged yesterday at 288p in sparse trading.

Goodman Fielder claims no job losses at RHM

By David Waller

GOODMAN FIELDER Wattie, the Australasian foods company engaged in a £1.72bn bid battle with Ranks Hovis McDougall, has written to Mr Norman Fowler, Secretary of State for Employment, claiming that the highly leveraged nature of its bid would not lead to assets sales and job losses.

The letter, written by the chairman of Goodman's European operations, Mr Cliff Lyon, is a response to a campaign launched earlier this week by trades unions representing 33,000 RHM employees. They want the bid referred to the Monopolies and Mergers Commission, and have written to ministers arguing that RHM should remain independent.

Mr Lyon says that the financing agreements put together for the purchase do not require any assets sales during the seven year life of the facilities, and that GFW has no plans to dispose of any RHM assets in any case.

He adds that the syndicate of eight banks which put together the financing package are satisfied that their loans can be repaid out of the cash flow of the combined group; furthermore, that a measure of comfort is provided by the interest rate on the majority of the loan being capped at level prevailing a month ago.

Rejecting any suggestion that the bid was "like the local corner grocery taking over Marks and Spencer" (in the words of one union leader), Mr Lyon says that RHM is "the mirror image of GFW operating in a different geographical market. The two companies are of roughly equal size and their core activities are similar."

Jivraj family sells Highgate stake

By Clare Pearson

Naaz Holdings, a vehicle for the Jivraj family, has sold its 28.2 per cent stake in Highgate & Job Group, the loss-making chemicals producer.

The shares are being placed with Cargo Link Holdings, a client of Robert Fraser Group, the merchant banking and financial services concern which in February 1987 mounted an unsuccessful bid for Highgate & Job.

Last November the Jivrajs supported a £2m refinancing arrangement for Highgate & Job through a rights issue and placing.

Highgate & Job reduced its losses at the pre-tax level in the six months to the end of September 1987 from £191,000 to £1,000.

Earlier this year, the Jivraj family bought control of Leisuretime International, which it has been reorganising into a nursing home and hotels concern.

Combined security companies' offer squeezes out Bridgend as extended trading and investment links are sought

Gardiner picks £8m offer for 40% from ASH and Scantronic

By Andrew Hill

GARDINER GROUP, a distributor of security products, has accepted an £8m cash offer for 40 per cent of its shares from Automated Security (Holdings) and Scantronic Holdings, in preference to a full offer from Bridgend Group, another security company. The holding will be split equally between ASH and Scantronic.

Bridgend, a small electrical wholesaler and distributor of security systems, had been involved in discussions with Gardiner for a month or so. The company had made a number of presentations to City institutions expressing the logic of a merger with Gardiner and was thought to have tabled a provisional offer.

The alternative deal announced yesterday would value the whole of Gardiner at £20m, against a market capitalisation of £12m when the group was floated in February. It also extends the network of trading and investment links between the three security groups involved, enabling the companies to improve purchasing power and develop specialist product lines.

ASH, which handles the rental, installation and maintenance of security systems, owns 30.9 per cent of Scantronic, a designer, manufacturer and supplier of burglar and medical alarms. In April, Scantronic bought ATG-Thrust, ASH's radio and intruder alarm manufacturing operation, for £7.25m.

In its turn, Scantronic supplies about 15 per cent of the products distributed by Gardiner and has agreed, as part of the ATG deal, to supply ASH with £11m of security products over the next three years.

ASH and Scantronic have first refusal on each other's stakes in Gardiner, should either decide to sell, but said yesterday they did not intend to bid for the rest of the group, either separately or in partnership. They discounted the prospect of the three companies eventually merging to form a much larger security services group.

Mr Geoffrey Gardiner, chairman, is to reduce his holding in Gardiner from 67.5 per cent to a minimum of 25 per cent, thus guaranteeing the offer's success. He will become deputy chairman, handing over his chairmanship to Mr Tom Buffett, chairman and chief executive of ASH. Mr Chris Brookes, Scantronic's chief executive, will also join the board.

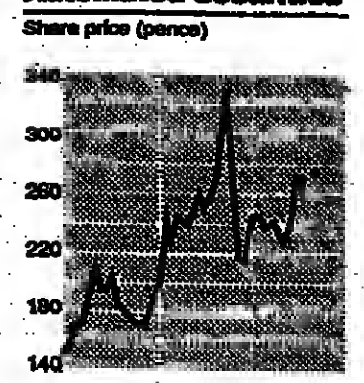
Gardiner's remaining shareholders will be entitled to accept the offer for a minimum of 40 per cent of their shares. If more than the required 16m shares are committed to the offer then the excess acceptances will be scaled down.

The two groups are offering 50p in cash for each Gardiner share. Gardiner's shares fell from 56p to 50½p yesterday. ASH was unchanged on 272p and Scantronic rose 3p to 121p.

Gardiner is forecasting pre-tax profits of £1.8m in the year to October 31, in line with the figure given in the February prospectus and 47 per cent up on pre-tax profits in 1986-87. ASH made £15.2m before tax in the year to November 30, and Scantronic reported pre-tax profits of £2.05m in the year to March 31.

Automated Securities

Share price (pence)



FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 11 1988					WEDNESDAY AUGUST 10 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (89)	147.27	-0.3	128.32	122.19	3.66	147.73	129.52	123.00	150.71	91.16	156.96
Austria (16)	84.89	+0.6	73.97	83.70	2.48	84.40	74.00	84.04	98.18	83.72	95.12
Belgium (63)	109.81	-0.9	95.68	109.14	4.62	110.77	97.12	111.04	139.89	99.14	130.68
Canada (128)	119.03	+0.2	103.71	105.50	3.19	118.80	104.16	105.42	128.91	107.06	141.78
Denmark (39)	120.81	+0.7	105.26	119.45	2.43	120.00	105.21	119.51	132.72	111.42	110.09
Finland (26)	125.65	+0.2	109.48	118.29	1.45	125.42	109.96	118.84	139.53	106.78	—
France (129)	89.06	-0.4	77.60	89.93	3.61	89.43	78.41	90.90	99.62	72.77	104.51
West Germany (100)	72.94	-0.4	63.55	72.05	2.57	73.21	64.19	72.91	80.79	67.78	100.43
Hong Kong (46)	105.59	+0.4	92.01	105.78	4.49	105.20	92.23	105.38	111.86	84.90	140.97
Ireland (18)	129.86	-0.2	113.15	129.50	3.68	130.08	114.05	130.87	144.25	104.60	138.43
Italy (102)	70.01	-0.1	61.01	73.61	2.74	70.09	61.45	74.15	81.74	62.99	86.95
Japan (456)	163.25	+1.4	142.25	138.12	0.52	161.04	141.19	136.86	177.27	133.61	140.46
Malaysia (36)	150.07	-0.7	130.76	153.16	2.40	151.20	132.57	154.44	154.17	107.83	190.55
Mexico (13)	148.30	-2.0	129.22	371.00	1.47	151.36	132.70	378.63	180.07	90.07	292.70
Netherland (38)	101.80	-2.3	88.70	99.64	4.64	104.22	91.38	102.82	110.66	95.23	128.75
New Zealand (20)	80.01	-1.3	69.72	63.48	5.94	81.06	71.07	63.97	84.05	64.42	115.35
Norway (25)	116.64	-1.6	101.63	109.47	2.75	118.48	103.88	111.89	132.23	98.55	170.84
Singapore (26)	130.04	-1.1	113.31	122.40	2.12	131.52	115.31	123.89	135.89	97.99	172.74
South Africa (60)	110.72	+0.8	96.48	88.82	4.77	109.87	96.33	88.95	139.07	109.87	179.19
Spain (43)	145.84	+0.1	127.08	137.72	3.28	145.74	127.78	138.73	164.47	130.73	140.85
Sweden (35)	112.10	-0.5	97.68	107.91	2.64	112.68	98.79	109.18	125.50	96.92	123.70
Switzerland (55)	76.32	-1.6	66.50	75.23	2.28	77.57	68.01	76.46	86.75	75.60	104.76
United Kingdom (325)	130.60	+0.3	113.80	113.80	4.43	130.17	114.13	114.13	141.18	123.09	147.53
USA (580)	107.22	+0.3	93.42	107.22	3.70	106.85	93.68	106.85	112.47	99.19	136.47
Europe (1014)	103.05	-0.2	89.79	96.41	3.77	103.24	90.52	97.22	110.82	97.01	122.28
Pacific Basin (673)	160.36	+1.3	139.73	136.14	0.73	158.34	138.82	135.00	172.26	130.81	141.09
Euro-Pacific (1687)	137.44	+0.8	119.76	120.32	1.65	136.31	119.51	119.92	147.53	120.36	133.63
North America (708)	107.84	+0.3	93.97	107.13	3.67	107.48	94.23	106.78	113.29	99.78	136.75
Europe Ex. UK (689)	85.99	-0.6	74.93	85.60	3.17	86.55	75.88	86.74	92.99	80.27	106.61
Pacific Ex. Japan (217)	125.55	-0.2	109.40	111.33	3.91	125.84	110.33	111.77	128.27	87.51	148.84
World Ex. US (1888)	136.55	+0.8	118.98	119.61	1.72	135.45	118.76	119.24	146.49	120.26	134.51
World Ex. UK (2143)	124.67	+0.7	108.63	115.45	2.15	123.81	108.55	115.00	131.77	111.77	134.03
World Ex. So. Af. (2408)	125.27	+0.7	109.15	115.46	2.34	124.45	109.12	115.08	132.39	113.26	134.94
World Ex. Japan (2012)	106.93	+0.1	93.17	103.61	3.72	106.79	93.63	103.73	112.43	100.00	132.75
The World Index (2468)	125.18	+0.7	109.08	115.28	2.36	124.37	109.04	114.91	132.38	113.37	135.22

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.

ECONOMIC DIARY

TODAY: Nine-day port strike starts in Greece. Foreign Ministers from Latin American Group of Eight start two-day meeting, Brasilia.

TOMORROW: National Savings monthly progress report for July.

MONDAY: CBI/FT Survey of distributive trade (July). July provisional figures of retail sales from Department of Trade and Industry. Index of output of the production industries in June. US Republican Party national convention opens, New Orleans (until August 18). Unilever second quarter results.

TUESDAY: Treasury publishes figures for public sector borrowing requirement for July. US Commerce Department releases June trade report. Seven Indian opposition parties meet on unity moves, New Delhi. US capacity utilisation figures for July. Nursing unions meet to resume pay talks. De Beers interim results

WEDNESDAY: US figures for July for housing starts. Standard Chartered interim results. W.H. Smith final results.

THURSDAY: London and Scottish banks July monthly statement. July provisional estimates of monetary aggregates from the Bank of England. Department of Employment publishes labour market statistics for: unemployment and vacancies (July - provisional); average earnings indices. (June - provisional); employment, hours, productivity and unit wage costs; and industrial disputes. Department of Trade and Industry publishes second quarter provisional figures for manufacturers' and distributors' stocks; and capital expenditure by the manufacturing and service industries. US weekly money figures. Republican convention ends. British Gas annual meeting, National Exhibition Centre, Birmingham. Mr Edward Heath visits Channel Tunnel workings, Dover. Antiques Fair opens, Kensington Town Hall (until August 21).

FRIDAY: Tax and price index for July. Department of Employment publishes July retail prices index.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Aug 12 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1988 to date	Thu Aug 11 Index No.	Wed Aug 10 Index No.	Tue Aug 9 Index No.	Year ago (approx) Index No.	1988 High		1988 Low		Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (209)	811.69	+0.5	9.99	3.93	12.41	15.94	807.25	808.57	818.49	958.12	826.39	8 /8	706.80	0 /2	1038.87 16/7 /87	50.71 13/12/74
2	Building Materials (29)	1030.98	+0.8	11.05	4.12	11.11	18.65	1023.08	1022.36	1034.64	1208.16	1058.18	5 /8	937.68	8 /2	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (37)	1613.28	+0.5	10.29	3.32	12.69	26.91	1605.96	1609.94	1620.35	1737.24	1626.89	0 /8	1385.83	4 /1	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (12)	2171.94	+0.7	8.54	4.61	14.47	48.13	2156.88	2175.25	2214.74	2476.60	2241.96	5 /8	1946.87	6 /4	2733.45 20/7 /87	84.71 25/6 /62
5	Electronics (31)	1767.51	+0.6	9.70	3.41	13.13	37.62	1756.64	1765.87	1780.28	2048.16	1798.32	0 /8	1423.66	9 /2	2236.70 17/7 /87	1229.81 8 /10/85
6	Mechanical Engineering (56)	427.60	+0.8	9.68	4.11	12.82	8.49	424.36	423.86	432.63	516.62	437.20	0 /8	367.20	0 /2	544.57 14/10/87	45.43 5 /1 /75
8	Metals and Metal Forming (7)	492.69	+0.3	9.47	3.87	13.03	7.95	491.09	494.86	502.06	559.26	509.92	14/7	424.40	19/2	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (14)	284.66	+0.4	11.85	4.62	9.73	5.54	283.48	283.76	290.40	393.91	295.13	10/3	259.79	5 /4	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (23)	1331.52	+0.1	8.87	4.19	13.48	28.21	1330.41	1329.77	1537.66	1607.49	1350.59	4 /8	1191.01	8 /2	1736.88 22/9 /87	277.55 15/1 /81
21	CONSUMER GROUP (186)	1098.99	+0.5	8.91	3.60	14.19	17.68	1093.11	1097.06	1103.63	1328.94	1118.61	0 /8	996.55	0 /2	1486.32 16/7 /87	61.41 13/12/74
22	Brewers and Distillers (21)	1129.79	+1.2	10.34	3.61	12.19	17.80	1116.84	1120.76	1131.92	1178.18	1141.54	15/6	951.87	8 /2	1269.35 16/7 /87	69.47 13/12/74
25	Food Manufacturing (21)	994.41	+0.7	8.68	3.72	14.74	17.45	987.73	994.48	1009.15	1057.85	1016.66	1 /8	803.40	6 /4	1092.25 16/7 /87	59.67 11/12/74
26	Food Retailing (16)	1970.55	+0.6	8.78	3.30	15.03	29.07	1958.21	1965.19	1993.23	2453.42	2179.42	10/3	1958.21	11/8	2649.96 16/7 /87	54.25 11/12/74
27	Health and Household (12)	1831.41	-0.7	6.79	2.67	17.09	18.01	1844.28	1843.52	1861.06	2575.98	1927.94	10/5	1708.33	13/1	2699.85 16/7 /87	175.38 28/5 /80
29	Leisure (30)	1384.18	+1.2	8.27	3.63	15.47	24.81	1368.36	1374.15	1387.18	1361.41	1395.36	8 /8	1142.19	4 /1	1504.79 13/10/87	54.83 9 /1 /75
31	Packaging & Paper (17)	530.22	-0.2	9.28	3.84	13.82	9.64	531.46	535.29	538.97	697.07	548.00	0 /8	473.11	6 /4	739.48 16/7 /87	43.46 6 /1 /75
32	Publishing & Printing (18)	3549.89	+0.3	8.05	4.30	15.60	72.37	3539.30	3555.43	3611.46	4464.41	3647.52	8 /8	3265.99	25/4	5070.66 5 /18/87	55.08 6 /1 /75
34	Stores (34)	819.26	+1.0	10.02	4.00	13.14	14.57	811.03	812.88	817.34	1084.69	859.85	28/1	789.39	18/2	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (17)	596.36	+0.2	11.59	4.57	10.13	12.51	595.30	601.51	607.91	832.57	628.72	27/4	546.27	19/2	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (93)	894.89	+0.4	11.12	4.48	10.99	17.93	890.91	891.34	902.01	1135.05	918.89	1 /7	834.42	8 /2	1192.48 8 /18/87	58.63 6 /1 /75
41	Agencies (19)	1474.14	-0.4	8.45	2.54	14.97	17.95	1878.40	1081.05	1105.91	1729.34	1219.02	18/3	1016.74	0 /2	1795.57 17/7 /87	870.35 4 /12/87
42	Chemicals (21)	1062.96	+0.4	12.01	4.77	9.99	25.01	1058.94	1064.58	1067.55	1440.58	1121.06	6 /1	971.71	5 /4	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (13)	1208.21	+0.3	10.56	4.47	10.92	20.98	1204.51	1207.60	1227.33	1479.23	1243.92	5 /8	1095.37	4 /1	1547.01 8 /10/87	975.19 10/11/87
45	Shipping and Transport (12)	1950.84	+0.7	11.02	4.59	12.01	34.04	1937.86	1931.58	1973.57	2291.38	1992.59	23/3	1718.96	4 /1	2497.85 16/7 /87	90.88 29/6 /62
47	Telephone Networks (2)	960.18	+0.3	11.57	4.64	11.21	20.30	957.52	954.33	963.81	1085.31	1011.82	1 /7	880.24	12/1	1274.14 9 /6 /87	517.92 30/11/84
48	Miscellaneous (26)	1202.17	+1.2	11.35	4.30	10.87	24.64	1187.74	1188.12	1199.64	1635.21	1217.48	23/3	1096.28	19/5	1773.78 5 /18/87	60.39 6 /7 /75
49	INDUSTRIAL GROUP (488)	981.13	+0.5	9.80	3.90	12.70	17.77	976.09	978.27	989.42	1194.21	998.43	8 /8	887.00	0 /2	1268.86 16/7 /87	59.01 13/12/74
51	Oil & Gas (12)	1025.45	+0.1	10.40	5.94	12.35	50.45	1023.80	1033.63	1053.03	2279.02	1081.96	21/6	1699.17	13/1	2458.68 16/7 /87	87.23 29/5 /62
59	500 SHARE INDEX (500)	1052.75	+0.5	9.88	4.19	12.65	20.55	1047.96	1050.76	1062.61	2286.31	1070.40	8 /8	958.79	5 /2	1369.88 16/7 /87	63.49 13/12/74
61	FINANCIAL GROUP (122)	703.36	+0.1	—	4.95	—	17.45	702.51	705.48	713.41	817.54	720.68	14/6	638.02	0 /2	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	666.21	.....	21.49	6.55	6.24	24.36	666.09	670.61	674.11	815.70	696.53	21/7	610.26	7 /4	898.38 16/7 /87	62.44 12/12/74
65	Insurance (Life) (8)	1046.87	.....	—	4.79	—	24.97	1046.78	1052.91	1079.57	1120.76	1090.17	1 /8	938.43	9 /2	1285.72 9 /10/07	44.88 2 /1 /75
66	Insurance (Composite) (7)	546.55	-0.2	—	5.57	—	13.82	547.39	549.49	557.66	599.28	567.92	18/6	481.43	8 /2	787.50 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (7)	956.68	-1.1	10.07	6.66	12.83	31.54	967.59	973.43	993.45	1298.37	1022.51	27/6	823.41	6 /4	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (11)	362.67	+0.8	--	3.98	—	7.03	359.64	558.67	361.19	511.25	378.23	9 /6	334.73	5 /4	547.59 12/10/07	31.21 7 /1 /75
69	Property (51)	1236.86	+0.5	5.13	2.62	24.97	14.21	1229.92	1232.22	1244.63	1239.97	1258.31	13/6	975.44	4 /1	1374.86 16/7 /87	56.01 20/4 /65
70	Other Financial (30)	381.33	+0.1	10.51	5.10	11.92	9.41	380.92	382.17	384.45	563.87	481.37	22/3	370.51	8 /2	683.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (78)	917.22	+0.2	—	3.04	—	12.35	915.60	913.31	924.68	1135.97	935.58	13/7	784.91	4 /1	1287.98 5 /18/87	71.12 13/12/74
81	Mining Finance (2)	514.20	+1.0	9.31	3.66	12.14	8.12	588.98	510.50	521.84	675.91	556.12	23/6	385.84	8 /2	727.93 3 /8 /07	66.31 30/9 /74
91	Overseas Traders (8)	1162.69	+2.0	9.91	4.81	11.86	29.22	1140.38	1140.26	1160.35	2176.16	1203.16	0 /7	969.88	4 /1	1364.12 13/10/87	97.37 6 /1 /75
99	ALL-SHARE INDEX (710)	961.69	+0.4	—	4.27	—	19.36	957.69	960.37	971.38	1165.95	978.58	8 /8	870.19	8 /2	1238.57 16/7 /87	61.92 13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Aug 11	Aug 10	Aug 9	Aug 8	Aug 5	Year ago						
	FT-SE 100 SHARE INDEX ♦	1843.4	+8.2	1846.1	1839.6	1835.2	1839.9	1862.6	1876.0	1875.9	2295.4	1879.3	22/6	1694.5	0 /2	2443.4 16/7 /87	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Aug 12	Day's change %	Thu Aug 11	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	120.46	+0.23	120.18	—	7.00
2	5-15 years	136.49	+0.45	135.88	—	8.59
3	Over 15 years	148.90	+0.46	148.22	—	7.45
4	Irredeemables	168.30	+0.58	167.33	—	7.30
5	All stocks	134.20	+0.38	133.68	—	7.92
	Index-Linked					
6	5 years	127.82	+0.07	127.73	—	1.12
7	Over 5 years	120.85	+0.19	120.62	—	2.28
8	All stocks	121.25	+0.18	121.03	—	2.18
9	Debentures & Loans	118.20	+0.20	117.96	—	6.61
10	Preference	91.98	-0.13	92.11	—	3.61

	AVERAGE GROSS REDEMPTION YIELDS		Fri Aug 12	Thu Aug 11	Year ago (approx.)	1988 High		1988 Low	
	British Government								
1	Low	5 years	9.66	9.73	8.95	9.76	18/7	8.38	10/4
2	Coupons	15 years	9.40	9.45	9.57	9.83	13/1	8.90	18/4
3		25 years	9.07	9.12	9.57	9.57	13/1	8.82	18/4
4	Medium	5 years	10.09	10.16	10.04	10.26	18/7	8.75	18/4
5	Coupons	15 years	9.61	9.66	9.83	10.01	13/1	9.12	15/3
6		25 years	9.29	9.34	9.68	9.79	13/1	8.99	14/3
7	High	5 years	10.20	10.28	10.13	10.36	18/7	8.84	18/4
8	Coupons	15 years	9.75	9.81	10.01	10.16	13/1	9.26	15/3
9		25 years	9.32	9.38	9.69	9.82	13/1	9.03	15/3
10	Irredeemables	†	9.60	9.66	9.58	9.82	18/7	8.65	18/4
	Index-Linked								
11	Inflation rate 5%	5yrs.	3.01	3.02	2.84	3.08	8 /1	2.09	30/3
12	Inflation rate 5%	Over 5 yrs.	3.86	3.87	3.97	4.27	13/1	3.67	13/4
13	Inflation rate 10%	5 yrs.	2.03	2.02	2.68	3.59	13/1	1.09	30/3
14	Inflation rate 10%	Over 5 yrs.	3.70	3.71	3.94	4.37	13/1	3.50	20/4
15	Debs &	5 years	10.86	10.88	10.79	11.08	13/1	10.16	24/5
16	Loans	15 years	10.84	10.87	10.79	11.07	1 /1	10.51	19/4
17		25 years	10.84	10.87	10.79	11.11	1 /1	10.51	19/4
18	Preference	†	9.80	9.79	10.73	10.84	4 /1	9.54	22/6

♦Opening index 1841.1; 10 am 1840.9; 11 am 1845.9; Noon 1844.3; 1 pm 1844.1; 2 pm 1843.9; 3 pm 1839.7; 3.30 pm 1840.4; 4 pm 1841.9

NAME CHANGES: Saga Holidays is now Saga Group (29).

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

BASE LENDING RATES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Feb. 89 Vol	Feb. 89 Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS : 43,634

A=Ask B=Bid C=Call P=Put

INTERNATIONAL COMPANIES AND FINANCE

Brierley reconsiders merging New Zealand and Australian businesses

By Chris Sherwell in Sydney

SIR RON BRIERLEY, New Zealand's best known entrepreneur, has revived plans to restructure his sprawling business empire and is reconsidering a merger between Brierley Investments Ltd (BIL), his Wellington-based master company, and the Australian arm, Industrial Equity Ltd (IEL).

The move, first mooted in 1986, was subsequently called off, apparently because Australia's new capital gains tax would have made it too costly.

A reduction in the value of BIL's investment in IEL, together with general changes in both countries' tax regimes since then, have evidently encouraged Sir Ron to dust off the ambitious idea of a single giant, trans-Tasman multinational.

Confirmation that the proposal was again under consideration came yesterday in a brief statement to the Australian Stock Exchange. It followed an Australian television interview at the weekend, in which Sir Ron said his group of companies might change its corporate structure.

Currently BIL holds 51 per cent of IEL. The group's extensive UK and US activities are controlled through Hong Koog-based Industrial Equity Pacific (IEP), in which BIL holds 18 per cent directly and IEL has 51 per cent.

In his television interview, Sir Ron said the group's headquarters would not be moved outside New Zealand or Australia. But he suggested he would have to "look at discontinuing the present structure whereby our shareholders have a direct shareholding in many overseas investments."

Obviously referring to plans hy the Australian and New Zealand governments to tax offshore activities more comprehensively, Sir Ron went on: "I think we just have to separate the various geographical areas and operate them from elsewhere."

The restructuring move also reflects other public comments by Sir Ron and his senior executives about the direction taken by BIL and IEL before the October 19 share market crash. In a separate magazine interview last week, Sir Ron acknowledged that he had made strategic mistakes, allowing the group to build up massive debts which were uncovered by sufficient cash to cover the interest costs.

At IEL, he was quoted as saying: "There was a departure from traditional, let's say Ron Brierley-type principles, in terms of moving from hard-core asset-based investment to almost speculating."

The Brierley group has since conducted heavy asset sales, raising an estimated A$3bn (US$2.4bn), and the results for its component companies are now eagerly awaited. With the merger, BIL would move to 100 per cent of IEL. How IEP's position might change is unknown.

Sir Ron Brierley: admits making strategic mistakes

In its statement to the exchange yesterday, IEL promised a further announcement on any restructuring once a "mutually acceptable proposal" with BIL had been formulated. In Wellington, Mr Paul Collins, chief executive of BIL, said his company would move "as expeditiously as possible" to merge with IEL.

Philips may float new US subsidiary

By Laura Raun in Amsterdam

PHILIPS of the Netherlands, the electronics group, may publicly float Consolidated Electronics Industries, a newly-created US subsidiary that accounts for nearly a fifth of its US sales.

Consolidated Electronics has a mixed bag of activities – including musical instruments, toothbrushes and garage-door openers – which fall outside Philips' core activities.

The company will be legally created on September 1, generate annual sales of around $1bn and be headed by Mr Cees Bruynes, who will cease to be chairman of all of Philips' North American operations.

Philips said yesterday that a stock exchange listing was one possibility under consideration for Consolidated Electronics, but no concrete plans had been made.

Earlier this week, Mr Bruynes said in New York that 60 per cent to 70 per cent of the company would be floated.

Many observers believe it is only a matter of time before all or parts of Consolidated Electronics are sold because they are draining scarce resources from the core activities of consumer electronics, electronic components, information technology and lighting.

It is not clear which Consolidated Electronics operations are in the red or black. Philips' North American activities as a whole reported operating profits of $243m in 1987, although electrical consumer prodncts lost $5.9m. Sales amounted to $4.85bn.

Consolidated Electronics comprises: Airpax Company (electromechanical products), Anchor Brush Company (toothbrushes and medical brush products, cosmetic packaging), Magnavox Catv (cable TV systems), Genie Company (home products), the Selmer Company (orchestra instruments), Philips Credit Corporation and Magnavox Government and Industrial Electronics (defence systems).

Shamrock adds dispute cash to Polaroid offer

By Deborah Hargreaves in New York

POLAROID, the instant photography group, received a sweetened takeover offer yesterday from Shamrock Holdings, the investment group which last month launched a $40 per share bid for the company.

The new terms effectively improve the previous $2.3bn cash bid by offering Polaroid stockholders a share in the proceeds of any recovery hy Polaroid in its litigation with Eastman Kodak. In a letter to Polaroid management, Shamrock, which is headed by Mr Roy Disney, the late Mr Walt Disney's nephew, said it would pay a pro-rata share of 40 per cent of the proceeds from Polaroid's suit against Kodak.

The investment group said its financial advisers, Wertheim Schroder and Drexel Burnham, are highly confident they can secure about $1bn in financing for the transaction. Shamrock said it is in discussions with several banks about the remaining funds.

Polaroid's shares were trading down $⅝ yesterday at $42¼ as Wall Street arbitrageurs reacted coolly to the new offer. Analysts had been expecting a higher bid, of at least $47 to $50 a share.

"Offering to pay part of the litigation proceeds is the least they can do," one trader said yesterday. Polaroid sued Kodak earlier this year, seeking $5.7bn in damages against the company for infringing its patents on instant cameras.

Polaroid's board was meeting yesterday to review the previous offer from Shamrock, which was made on July 19. The company recently launched a major restructuring plan in an apparent effort to fend off any hostile suitors.

Under the restructuring, Polaroid planned to cut its US workforce by 8 per cent, take a $75m charge against the second half of the year and repurchase up to $300m worth of its own stock.

Shamrock said it was willing to increase the value of its offer in a negotiated transaction on review of Polaroid's business and affairs.

First-half growth at Petrofina

By David Buchan in Brussels

PETROFINA, the Belgian oil major and the country's largest industrial group, yesterday reported a 10.3 per cent rise in profits to BFr10.79bn ($270m) in the first half of 1988 and announced plans for a scrip issue this year.

The company attributed the improved profits to the performance of its petrochemical divisions in both Europe and the US, where American Petrofina recently reported a 20 per cent net earnings increase for the second quarter of 1988 over the same period a year earlier.

The company said margins had gradually improved in the downstream sector, though prodnction results had declined along with crude oil prices.

The Petrofina board has convened an extraordinary general meeting on August 30 to approve its proposed one-for-10 scrip issue. The full 1988 dividend is to be declared in May 1989. The scrip issue and increased profits come after a mid-summer surge in Petrofina's share price.

Petrofina said its oil and gas production rose by 2 and 5 per cent respectively in the first half of 1988 compared to the same period last year. It has extended its exploration effort with the acquisition of more licences in offshore Alaska and the Gulf of Mexico, as well as in Vietnam, Syria, Gabon and Norway. North Sea activities produced two oil finds, the larger near Norway's Eldefisk field and the other near the UK's Maureen field.

Increased fuel demand improved refining margins during the half-year, notably in the US. In Europe, Petrofina bought out British Petroleum's half share in Société Industrielle Belge des Petroles (SIBP) to take total control of the Antwerp refinery, while it had earlier decided to close refining at Duisberg in West Germany. Sales of petroleum products rose despite the mild European winter.

In chemicals, a new polypropylene plant at La Porte in the US is due to come on stream at the end of this month, with annual capacity of 110,000 tonnes. At Carville, a new polystyrene plant with annual capacity of 75,000 tonnes is due for completion in November, the company said yesterday.

Sharp interim rise at CCM

By Wong Sulong in Kuala Lumpur

CHEMICAL Company of Malaysia (CCM), the 50.1 per cent locally listed offshoot of Imperial Chemical Industries of the UK, reports a 57 per cent increase in trading profit to 21.5m ringgit ($8.2m) for the 1988 first half on a turnover 25 per cent np at 257.7m ringgit.

As a result the interim dividend is going up from seven cents a share to 10 cents.

Mr Robert Honston, the gronp's chairman and managing director, said the four operating units continued to record a steady improvement. The four subsidiaries manufacture and distribnte agrichemicals, industrial chemicals, fertilisers and paints.

Mr Honston said prospects for the second half appeared "favourable" but warned the business environment in which CCM's products were sold was "very competitive," and there was need to contain costs, particularly in view of rising raw material imports.

Dutch paper maker 48% up

By Our Amsterdam Correspondent

EARNINGS at KNP, the big Dutch paper producer, jumped hy nearly a half in the first half of 1988, thanks to higher output at its efficient coated-paper factory in Belgium.

For 1988 as a whole KNP expects profits to grow by 40 per cent despite rising costs of raw materials and lower second-half prodnction volumes. KNP, 29 per cent owned by Macmillan-Bloedel of Canada, has grown rapidly and consistently in recent years by concentrating on high-quality paper, modernising its plant and judiciously acquiring companies.

Mr F.J. De Wit, the chairman, has elaborated on KNP's recent sale of its paper distribution activities to VRG, a leading Dutch paper wholesaler, in exchange for 30 per cent of VRG. KNP intends to build up paper distribution alongside paper and packaging production in an attempt to be a big, integrated paper group.

Wholesaling activities could have been cultivated as a "greenfield" operation, but that would have taken too long, given the proximity of 1992 and the single European market, Mr De Wit explained. Instead, KNP chose to spin off its distribution activities to an established specialist in the field in hopes of benefiting sooner from cross-fertilisation and geographical spread.

KNP has transferred to VRG the following operations: Contract Papers of the UK, 50 per cent of Papeteries Libert of France, 51 per cent of Scaldia Papier of the Netherlands and Belgium, and 35 per cent of Proost and Brandt of the Netherlands. VRG is acquiring the rest of Proost and Brandt through a public tender offer launched yesterday.

Outside Europe, VRG is active in the US, Australia, Hong Kong, the Philippines and Thailand, among other countries.

For the 1988 first half, KNP net income rose 48 per cent to Fl 130.7m ($61m), thanks to wider operating margins in paper. Operating profits in paper surged as the Lanaken, Belgium, plant lifted output but saw costs rise only marginally.

Operating profits in the packaging group, however, fell on weakening selling prices and firming raw-materials costs. Total sales for the six months edged up 5 per cent to Fl 1.26bn.

Maxwell pursues MacMillan bid

MAXWELL Communication Corporation is going ahead with its previously announced tender offer of $80 a share for the common stock of MacMillan, the US publisher, Reuter reports from New York.

It said the tender was subject to the redemption of MacMillan's poison pill, the withdrawal of its restructuring plan and MacMillan board approval.

MacMillan recently rejected a $75 a share offer from the Bass group of the US.

Protest suspends record IBM contract

By Janet Bush in New York

A RECORD $3.6bn contract awarded recently to International Business Machines has heen suspended pending a hearing on a protest from Hughes Aircraft, a General Motors unit, which was passed over in favour of IBM after a four-year bidding competition.

The General Services Administration Board of Contract Appeals said yesterday a hearing on the merits of the complaint would be held on September 9 and, until then, the IBM contract was suspended.

The contract is part of a major programme overhauling the US air traffic control system, run by the Federal Aviation Administration. IBM and Hughes Aircraft competed for the order to build the Advanced Automation System.

Hughes Aircraft filed its protest to the GSA last week. It charged that IBM had been able to submit a lower bid because it was allowed to include the use of second-hand computers. Hughes Aircraft said it was required to use only new computers.

WORLD COMMODITIES PRICES

Week in the Markets

COCOA PRICES stepped a couple more rungs down the price ladder on the London *futures* market this week as an already depressed market situation was exacerbated by news of Ivory Coast sales and talk of another big rise in world stocks next season.

The December delivery position ended £77 down on the week at a 6-year low of £887 a tonne.

Although the Ivory Coast, the world's biggest producer, is continuing to demand at least £1,150 for its cocoa, which is in great demand by confectionery manufacturers, one trade house is reported to have bought between 7,000 and 8,000 tonnes earlier this week, paying a premium of almost £200 a tonne over the ruling market price.

"The Ivory Coast is winning the game," an analyst commented. "It is getting the price it wants for the cocoa manufacturers are still going to need." But its strategy seems to be having little effect on the general sentiment of the market.

With the world market already grossly oversupplied and a fifth consecutive crop surplus in prospect for 1988-89, traders are taking little comfort from forecasts that cocoa consumption will continue its recent 3 per cent annual growth. Much faster growth in demand or a sharp cut in production would be necessary to halt the seemingly inexorable rise in overhanging stocks.

This week some analysts were talking in terms of a 750,000 tonnes crop in the Ivory Coast next season, up from an expected 645,000 tonnes in 1987-88. A figure anywhere near that level would virtually guarantee a further substantial addition to world stocks, which Gill & Duffus, the influential London trade house, estimates will reach 705,000 tonnes by the end of next month — equivalent to more than four months' consumption.

Robusta coffee futures began the week on a much firmer note, reflecting keen buying on the New York market. By Wednesday afternoon the November position had gained more than £50 a tonne and was testing a chart resistance point at just above £930 a tonne.

But the resistance proved too strong and as disappointed speculators took their modest profits (or, in some cases, cut their losses) the market fell all the way back. At last night's close November futures were quoted at £976 a tonne, down £4 on the week. On the London Metal Exchange zinc prices relinquished some of their recent gains as signs of progress were reported on the 3-week-old Peruvian miners' strike, which had been largely responsible for the rise.

A sharp fall on Monday was attributed to profit-taking, based on a feeling that last week's £45 advance had been overdone. Then prices drifted further on news that the Peruvian Government had made an inflation-related pay offer to state sector miners. The offer has not been accepted but the mine union's reaction appears not to have been too discouraging.

The cash zinc price rallied by £5.50 yesterday but still ended £11.50 down on the week at £756.50 a tonne. In direct contrast the LME cash lead price ended the week £11.50 higher, at £356 a tonne. Dealers said the rise was due to a gradual tightening of supplies which was reflected in the narrowing of the cash discount (or "contango") against three months metal from £4 to 50p a tonne.

Supply tightness was also in evidence on the copper market, which, like lead, saw the cash position end £11.50 up on the week, at £1,269 a tonne.

In the first half of the week supplies had appeared to be fairly free and a gradual price slide had been accompanied by the translation of a modest cash premium (or "backwardation") into a modest contango. But brisk borrowing (buying cash and selling forward) brought sharp rises on Thursday and Friday totalling £31.50 and the market closed yesterday with a £10.25 backwardation.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988	Low 1988
Gold per troy oz.	$431.75	-0.75	$460	$485.5	$425
Silver Per troy oz	392.75p	-8.15	497.25p	457.75p	336.75p
Aluminium 99.7% (cash)	$2795	+105	-*	$4205	$1915
Copper Grade A (cash)	£1269.5	+11.5	£1104.5	£1657.5	£1129.5
Lead(cash)	£356.0	+11.5	£418.5	£402.5	£328
Nickel (cash)	$14825	+575	£3415	$22200	£4022.5
Zinc (cash)	£756.5	-11.5	£507.5	£824	£453.5
Tin (cash)	£4322.5	-50.0	£4140	£4375	£3625
Cocoa Futures (Dec)	£875	-77	£1296.5	£1182	£875
Coffee Futures (Nov)	£976	-4	£1300.5	£1317	£922
Sugar (LOP Raw)	$307.4	-7.6	$153	$372	$213.6
Barley Futures (Nov)	£105.15	+0.85	£100.1	£109.85	£97.25
Wheat Futures (Nov)	£109.5	+2.2	£101.8	£115	£103.35
Cotton Outlook A Index	58.65c	-0.80	86.1c	75.3c	58.65c
Wool (64S Super)	652p	+2	512p	673p	484p
Rubber (Spot)	72.75p	+0.25	70.25p	88p	61.25p
Oil (Brent Blend)	$15.025	+0.175	$19.425	$17.525	$13.85

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb t-July. *Aluminium 99.7% only available since August.

SPOT MARKETS

Crude oil (per barrel FOB September)		+ or -
Dubai	$13.12-3.17y	-0.03
Brent Blend	$15.00-5.05y	-0.00
W.T.I. (1 pm est)	$15.59-5.64y	-0.06
Oil products (NWE prompt delivery per tonne CIF)		+ or -
[illegible]		

COCOA £/tonne

	Close	Previous	High/Low	
Sep	896	904	922	895
Dec	875	887	905	867
Mar	874	894	904	870
May	887	907	015	880
Jul	902	926	920	892
Sep	018	938	950	916
Dec	962	980	988	950

[illegible]

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 250 tonne
Cash	2785-805	2760-80		2800-20		
3 months	2785-80	2730-50		2775-95	2760-80	8,112 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 8,000 tonne
Cash	1575-80	1585-90	1600/1590	1590-3		
3 months	1495-7	1496-500	1512/1493	1505-10	1493-4	45,601 lots
Copper, Grade A (£ per tonne)						Ring turnover 31,700 tonne
[illegible]						

[illegible]

US MARKETS

Following publication of the U.S.D.A.'s crop production report, the grains and soybean complex opened sharply higher to limit-up, reports Drexel Burnham Lambert. Soybean meal derived additional support from firmer European values, while wheat reflected indications of lower production in non-U.S. areas. However, heavy professional selling depressed corn prices to limit-down before late buying pared losses. The other markets closed with pared gains as traders took profits. Reflecting the early strength in grains, sugar opened unexpectedly steady, but as the corn eased back, the market failed to hold gains and prices collapsed under the weight of massive speculative selling and trade long-liquidation which touched off stops. Cattle futures closed mixed, with short-covering in nearby contracts as the markets continued to consolidate. A stabilization of cash prices led to profittaking in the bellies and hogs. The precious metals were quiet, firming on release of the P.P.I. figure.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	431.3	429.3	435.1	429.2
Sep	432.9	430.9	0	0
Oct	435.5	433.5	440.0	433.0
[illegible]				

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	15.62	15.76	15.76	15.55
Oct	15.82	15.93	15.96	15.73
Nov	16.00	16.07	16.09	15.94
Dec	16.17	16.17	16.25	16.09
Jan	16.23	16.23	16.28	16.15
Feb	16.26	16.30	16.37	16.21
Mar	16.30	16.34	16.34	16.30
Apr	16.37	16.37	0	0
May	16.35	16.40	16.38	16.34
Jun	[illegible]			

[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	848/4	866/0	915/0	844/0
Sep	848/0	858/0	888/0	845/0
Nov	856/4	865/4	895/4	853/0
Jan	858/0	862/4	892/4	853/0
Mar	854/4	861/0	891/0	853/0
May	839/0	846/0	876/0	838/0
Jul	[illegible]			

[illegible]

WORLD STOCK MARKETS

Wall Street

Equities slip on producer price report

FAIRLY QUIET trading left Wall Street stocks broadly lower and bond prices softer by midsession. Volume of shares on the New York Stock Exchange was expanded only by divideod-related activity.

Stocks and bonds had fallen slightly after the release of the July producer price index report, which contained a higher-than-expected core inflation rate.

The actual PPI figure – a 0.5 per cent rise in July – was in line with expectations.

The Dow Jones Industrial Average fell 3 to 2,036. Declining stocks led gaining ones by three to two.

Canada

RISING golds and industrials pushed Toronto a little higher in narrowly mixed trading by midsession.

The composite index, which had fallen about 6 points earlier, gained 7.1 to 3,285.1 on quiet turnover of 10.9m shares.

Nova, the most active stock, gained C$⅛ to C$12¼.

Lac Minerals, which said on Thursday it would ask the Supreme Court of Ontario to set aside an earlier ruling awarding Corona a gold mine in oorthern Ontario, rose C$¼ to C$13⅝. Corona gained C$⅛ to C$9⅞.

North American closing prices were not available for reports in this edition

Tokyo

A WAIT-and-see attitude tipped Tokyo share prices off their peaks, to close only slightly higher.

Investors were wary, awaiting the release of US June trade figures on Tuesday and an indication of the direction the dollar would take.

The Nikkei average firmed 48.53 to 27,833.51 in dull trade, with 500m shares changing hands, compared with the previous day's 600m.

The average had hit a morning high of 27,956.98 following Tokyo's rise the day before and Wall Street's gains and the dollar's decline overnight.

Australia

PROFIT-TAKING amid uncertainty about Wall Street's performance moved Australian shares off their highs, but prices still closed higher for the first time in two days.

The market had risen on an early surge of buying, spurred by firmer overseas markets, a slight recovery in gold prices and confidence inspired by the Arbitration Commission's three per cent wage increase. However, investors' caution remained and turnover was light. The All Ordinaries index closed 6.7 higher at 1,623.5.

Interest focused on situation entrepreneurial stocks. IEL rose 3 cents to A$1.85 with 2.22m shares traded after news that the company was recoosidering a merger with its New Zealand pareot, Brierley Investments, which added 7 cents to A$1.35. Later, Mr Paul Collins, Brierley chief executive, said the two would merge.

Frankfurt

QUIET trading left West German shares slightly higher in a technical adjustment before the weekend.

The real-time DAX 30-share index rebounded from the previous day's losses to rise 5.42 to 1,173.56. The FAZ gained 3.83 to 484.10.

Construction shares were boosted by a newspaper article saying the prospects were good for German companies of winning building contracts in the Gulf once hostilities had ceased. Holzmann gained DM13 to DM449 and Hochtief climbed DM3.50 to DM482.50.

Paris

MODERATE trading saw French shares rise slightly, but end below day's highs after Wall Street's lower opening.

Trading wound down early at the aoproach of the three-day weekeod.

Interest focused on luxury goods groups. Pernod Ricard, the drinks company, rose FFr3 to FFr1,028 on unconfirmed UK press reports that it was buying into Irish Distillers. Strong buying interest in LVMH sent it up FFr68 to FFr2,878 early in the day, but this tailed off as the market closed, leaving it FFr1 higher FFr2,811.

Amsterdam

AN EARLY fall on Wall Street pushed Dutch stocks off their highs, but they ended slightly higher in low volume.

Trading was cautious in anticipation of Tuesday's US June trade data and their impact on the dollar.

Amoog blue chips, Royal Dutch Shell shed 10 ceots to Fl 234.30 after reporting disappointing second-quarter results the previous day.

KLM ex-dividend stock declined Fl 1.30 to Fl 34.50 for a net gain of 20 cents after it had paid a Fl 1.60 divideod.

Unilever, which reports second quarter figures on Monday, added 30 cents to Fl 113.30.

Hong Kong

LIGHT bargain huotiog by overseas fund managers helped stocks close steady.

Trading was overshadowed by rumours of ao imminent increase in local interest rates and the Hang Seng iodex slipped 1.53 to 2,593.75.

Singapore

AN ABSENCE of follow-through buying support combined with profit-taking to edge orices slightly lower in moderate trading.

The Straits Times industrial index fell 3.22 to 1,132.10, after an earlier gain of 9.18.

Brussels

WALL STREET'S overnight recovery encouraged Belgian stocks higher in quiet trading before the holiday weekend.

Petrofina, the blue chip oil group, picked up BFr125 to BFr12,650 after announcing a 10.3 per cent rise in first-half group net profit and a one-for-10 free share issue.

Milan

AFTER seven sessions of losses, Italy closed higher in volume boosted by foreign buying. Among blue chips, Montedison rose L31 to L1,915, climbing to L1,925 in after-hours trading. Fiat added L62 to L9,475, later reaching L9,500.

AUSTRIA

August 12	Sch	+ or –
Creditanstalt	2,020	+30
Goesser	2,940	—
Interunfall	11,850	—
Jungbunzlauer	7,750	–10
Laenderbank	363	+18
Perlmooser	671	—
Steyr-Daimler	80	+3
Veitscher Mag	637	–1

SWEDEN (continued)

August 12	Kroner	+ or –
Skan Enskilda	147	+3
SKF B Free	312	–1
St Kopparb'g A Free	410	....
Svka Cell'sa B (Free)	357	....
Svka Handelsbn.	126	+1
Volvo B (Free)	322	+4

CURRENCIES AND MONEY

FOREIGN EXCHANGES

D-Mark up as dollar retreats

THE DOLLAR weakened in Europe yesterday, as dealers squared positions, ahead of the June US trade figures on Tuesday.

The dollar's recent surge has been pegged back by nervousness about the trade figures, encouraging profit taking, and leaving the market reluctant to run long positions in the US currency.

There were no new factors yesterday, bnt nervousness was compounded by an early morning fault in dealers communications systems, which got the market off to a very slow start.

The main beneficiary from the dollar's decline was the D-Mark, but dealers doubted whether this was a fundamental change of direction, unless the US trade data are particularly bad.

The D-Mark's recovery was regarded as largely technical, amid suggestions that the dollar will soon break through DM1.90 again, and head up towards DM1.95.

At the London close the dollar had fallen to DM1.8800 from DM1.9000; to Y133.10 from Y133.85; to SFr1.5750 from SFr1.5900; and to FFr6.3850 from FFr6.4375.

On Bank of England figures, the dollar's exchange rate index fell to 99.1 from 100.0.

Sterling showed mixed changes, lacking any marked direction of its own.

The pound gained 1.35 cents to $1.7150, and rose to Y228.25 from Y227.75, but fell to *DM3.2250* from *DM3.2325* against the strong D-Mark. It also declined to SFr2.7000 from SFr2.7050; and to FFr10.9500 from FFr10.9525, According to the Bank of England, sterlings index was unchanged at 76.9.

The French franc remained weak. In Paris the D-Mark was fixed at FFr3.3919, the highest level since May 16.

£ IN NEW YORK

Aug.12	Latest	Previous Close
£ Spot	1.7125-1.7130	1.7095-1.7105
1 month	0.35-0.34pm	0.38-0.37pm
3 months	1.04-1.01pm	1.12-1.10pm
12 months	3.08-2.98pm	3.25-3.20pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.12	Previous
8.30 am	77.0	76.8
9.00 am	77.0	76.9
10.00 am	77.0	76.8
11.00 am	76.9	76.8
Noon	76.9	76.8
1.00 pm	76.8	76.9
2.00 pm	76.9	76.9
3.00 pm	76.9	76.9
4.00 pm	76.9	76.9

CURRENCY RATES

Aug.12	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.758296	0.646726
U.S Dollar	6.50	1.29024	1.10558
Canadian $	8.75	1.57796	1.35080
Austrian Sch.	3½	17.2312	14.6379
Belgian Franc	7	51.3516	43.6565
Danish Krone	7½	9.36392	7.96901
Deutsche Mark	3	2.44913	2.08202
Neth.Guilder	4	2.76563	2.35057
French Franc	9½	8.29431	7.06022
Italian Lira	12½	1815.11	1544.22
Japanese Yen	2½	172.570	147.374
Norway Krone	8	8.91040	7.62020
Spanish Peseta	-	160.846	136.760
Swedish Krona	8½	8.38269	7.15254
Swiss Franc	2½	2.04890	1.74350
Greek Drach.	20½	196.116	166.732
Irish Punt	-	N/A	0.776444

*All SDR rates are for Aug.11

CURRENCY MOVEMENTS

Aug.12	Bank of England Index	Morgan** Guaranty Changes %
Sterling	76.9	-15.1
U.S Dollar	99.1	-8.5
Canadian Dollar	84.6	-2.9
Austrian Schilling	133.4	+9.5
Belgian Franc	97.5	-6.5
Danish Krone	88.7	-0.3
Deutsche Mark	143.4	+20.1
Swiss Franc	165.9	+19.6
Guilder	131.9	+12.7
French Franc	68.6	-15.4
Lira	44.8	-21.2
Yen	241.6	+77.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100) **Rates are for Aug.11.

OTHER CURRENCIES

Aug.12	£	$
Argentina	20.3820-20.5320	11.9200-12.0000
Australia	2.1330-2.1360	1.2455-1.2465
Brazil	443.80-446.30	259.40-260.65
Finland	7.6095-7.6315	4.4540-4.4560
Greece	256.20-260.45	149.10-151.60
Hong Kong	13.3535-13.3700	7.8015-7.8035
Iran	121.10*	70.40*
Korea(Sth)	1231.75-1241.65	720.30-726.10
Kuwait	0.45880-0.46840	0.28390-0.28420
Luxembourg	67.60-67.70	39.40-39.50
Malaysia	4.5240-4.5355	2.6450-2.6470
Mexico	3507.90-3923.90	2284.00-2292.00
N. Zealand	2.5610-2.5710	1.4935-1.5005
Saudi Ar.	6.4165-6.4230	3.7500-3.7510
Singapore	3.4885-3.4940	2.0380-2.0400
S. Af (Cm)	4.1500-4.1610	2.4290-2.4320
S. Af (Fn)	6.1665-6.2785	3.6035-3.6695
Taiwan	48.75-49.05	28.55-28.65
U.A.E.	6.2835-6.2880	3.6725-3.6735

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Aug.12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7065-1.7160	1.7145-1.7155	0.37-0.34cpm	2.48	1.03-0.98pm	2.34
Canada	2.0880-2.0940	2.0910-2.0920	0.25-0.15cpm	1.15	0.61-0.48pm	1.04
Netherlands	3.63¼-3.64½	3.63½-3.64½	1⅝-1½cpm	5.36	5¼-4⅞pm	5.49
Belgium	67.25-67.80	67.60-67.70	31-16cpm	4.17	74-55pm	3.81
Denmark	12.30¾-12.36¼	12.35¼-12.36¼	3¼-1⅞orepm	2.49	8½-7¼pm	2.53
Ireland	1.1975-1.2035	1.2010-1.2020	0.34-0.29cpm	3.15	1.18-0.98pm	3.60
W. Germany	3.21¾-3.22¾	3.22¼-3.22¾	1⅝-1½pfpm	5.58	4¾-4½pm	5.74
Portugal	260.30-261.75	260.65-261.65	19-65cdis	-1.93	97-205dis	-2.31
Spain	211.00-212.00	211.05-211.35	25-4cpm	0.82	47-24pm	0.67
Italy	2384-2393½	2392¼-2393¼	2-parlirepm	0.50	2-3dis	0.42
Norway	11.74¼-11.80¾	11.79¾-11.80¾	1¾-2⅝oredis	-2.22	5¾-7dis	-2.16
France	10.91½-10.95½	10.94½-10.95½	3¼-2⅞cpm	3.36	8⅞-7¾pm	2.95
Sweden	11.04½-11.09¾	11.08¾-11.09¾	½-parorepm	0.27	1¼-¾pm	0.36
Japan	227¼-228¾	227¾-228¾	1⅞-1¾ypm	6.57	3¾-3½pm	6.35
Austria	22.59-22.69	22.62-22.65	12¾-11¼gropm	6.23	32⅝-29¼pm	5.46
Switzerland	2.69½-2.70½	2.69½-2.70½	1¾-1⅝cpm	7.50	4¾-4⅝pm	7.04

Belgian rate is convertible francs. Financial franc 68.45-68.55. Six-month forward dollar 1.80-1.75cpm 12 months 3.05-2.95cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Aug.12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7065-1.7160	1.7145-1.7155	0.37-0.34cpm	2.48	1.03-0.98pm	2.34
Ireland†	1.4220-1.4295	1.4270-1.4280	0.16-0.20cdis	-1.52	0.47-0.57dis	-1.46
Canada	1.2180-1.2230	1.2195-1.2205	0.12-0.15cdis	-1.33	0.38-0.42dis	-1.31
Netherlands	2.1160-2.1275	2.1225-2.1235	0.52-0.50cpm	2.89	1.67-1.64pm	3.12
Belgium	39.35-39.50	39.40-39.50	6.00-4.00cpm	1.52	16.00-12.00pm	0.91
Denmark	7.18¾-7.22¾	7.20¼-7.20¾	0.30d-0.30orepm	-	0.30d-0.30pm	-
W. Germany	1.8745-1.8865	1.8795-1.8805	0.52-0.50pfpm	3.26	1.61-1.56pm	3.57
Portugal	152½-153	152¾-153	50-70cdis	-4.71	155-210dis	-4.77
Spain	123.20-123.90	123.20-123.30	13-23cdis	-1.75	50-60dis	-1.78
Italy	1391-1397¾	1395-1395½	2.30-3.30liredis	-2.41	8.00-9.50dis	-2.51
Norway	6.86-6.89½	6.88-6.88½	2.50-2.85oredis	-4.67	7.60-8.10dis	-4.57
France	6.35¾-6.40	6.38¼-6.38¾	0.50-0.40cpm	0.85	1.15-0.85pm	0.63
Sweden	6.44½-6.47½	6.46½-6.47	1.10-1.30oredis	-2.23	3.10-3.45dis	-2.03
Japan	132.80-133.35	133.05-133.15	0.48-0.45ypm	4.20	1.34-1.29pm	3.95
Austria	13.21½-13.25	13.24½-13.25	4.05-3.75gropm	3.54	11.00-10.00pm	3.18
Switzerland	1.5700-1.5790	1.5745-1.5755	0.68-0.64cpm	5.03	1.89-1.84pm	4.74

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.90-40.00.

EURO-CURRENCY INTEREST RATES

Aug.12	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10½-10¼	10¾-10¼	10⅞-10¾	11¼-11⅛	11⅜-11¼	11⅜-11¼
US Dollar	8⅛-8¼	8¼-8⅛	8⅜-8¼	8¾-8⅝	9-8⅞	9¼-9⅛
Can. Dollar	9⅝-9⅜	9½-9¼	9⅝-9¼	9⅞-9⅝	10¼-10	10⅜-10⅛
D. Guilder	5¼-5	5⅜-5¼	5⅝-5½	5⅝-5½	5⅞-5¾	5⅞-5¾
Sw. Franc	2¾-2⅝	2¾-2½	3⅜-3¼	3⅞-3¾	4⅛-4	4⅜-4¼
Deutschmark	5-4¾	5⅛-4⅞	5⅛-5	5⅜-5¼	5⅝-5½	5¾-5⅝
Fr. Franc	7¼-7⅛	7½-7⅜	7½-7⅜	8-7⅞	8⅜-8¼	8⅜-8¼
Italian Lire	11-9	11-10	10⅞-10⅜	11⅛-10⅞	11¾-11½	12-11⅝
B. Fr. (Fin)	6½-6¼	6¾-6⅝	7-6⅞	7⅜-7¼	7¾-7⅝	7⅞-7¾
B. Fr. (Con.)	6½-6¼	6¾-6⅝	7¼-6⅞	7⅝-7¼	8-7⅝	8¼-7⅞
Yen	4-3⅞	4¼-4⅛	4⅛-4⅜	4⅝-4½	5-4⅞	5⅛-4⅞
D. Krone	8-7⅝	8¼-7⅞	8⅝-8⅜	8¾-8⅝	9-8⅞	9⅛-8⅞
Asian $Sing	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅝-8⅝	9-8⅞	9¼-9⅛

Long term Eurodollars: two years 9⅝-9½ per cent; three years 9¾-9½ per cent; four years 9⅞-9¾ per cent; five years 9⅞-9¾ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug.12	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.715	3.225	228.3	10.95	2.700	3.640	2393	2.092	67.65
$	0.583	1	1.880	133.1	6.385	1.574	2.122	1395	1.220	39.45
DM	0.310	0.532	1	70.79	3.395	0.837	1.129	742.0	0.649	20.98
YEN	4.380	7.512	14.13	1000.	47.96	11.83	15.94	10482	9.163	296.3
F Fr.	0.913	1.566	2.945	208.5	10.	2.466	3.324	2185	1.911	61.78
S Fr.	0.370	0.635	1.194	84.56	4.056	1	1.348	886.3	0.775	25.06
H Fl.	0.275	0.471	0.886	62.72	3.008	0.742	1	657.4	0.575	18.59
Lira	0.418	0.717	1.348	95.40	4.576	1.128	1.521	1000.	0.874	28.27
C $	0.478	0.820	1.542	109.1	5.234	1.291	1.740	1144	1	32.34
B Fr.	1.478	2.536	4.767	337.5	16.19	3.991	5.381	3537	3.092	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Rates stay generally firm

AN UNEXPECTEDLY lively week on world money markets ended on a quiet note yesterday. Interest rates remained generally firm, but showed signs of more stability, as the markets adjusted to this week's increases in the US discount rate and bank prime rates, and UK bank base rates.

Three-month interbank in London was steady at 11¼-11⅛ p.c., as dealers waited for further guidance on whether the present base rate level of 11 p.c. can hold for any length of time.

Next Thursday is likely to be an import day for the market, when UK money supply and bank lending figures for July will be published.

Attention will focus on bank and building society lending

UK clearing bank base lending rate 11 per cent from August 9

(M4), to see if the surge continues. Some forecasts in the City are for an increase over the record rise in June of £8.6bn.

There was a slight easing of sterling interbank rates yesterday, with three-month money finishing at 11⅛-11¼ p.c., compared with 11¼-11⅛ p.c. on Thursday.

The Bank of England initially forecast a London money market credit surplus of around £200m, but revised this to a surplus of £50m in the afternoon.

The authorities did not operate in the market during the day.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £891m, with the unwinding of repurchase agreements on bills absorbing £15m, a rise in the note circulation £345m, and bank balances below target £20m.

These factors were outweighed by Exchequer transactions adding £1,475m to liquidity.

This week's rise in UK bank base rates was reflected in the average rate of discount at yesterday's Treasury bill tender. This rose to 10.6781 p.c. from 10.2220 p.c. The £100m bills on offer attracted bids of £667m, compared with £564m for a similar amount the previous week. All bills offered were allotted.

The minimum accepted bid was was £97.335, against £97.45, and bids at that level were met as to about 56 p.c.

Next week another £100m bills will be on offer, replacing a similar amount of maturities.

In Frankfurt call money remained firm at 5 p.c., in line with the Bundesbank's Lombard emergency financing rate.

Banks tended to stock np with funds in rather uncertain conditions. Intervention by the Bundesbank, to support the D-Mark on the foreign exchanges, has drained liquidity from the domestic banking system.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.12) 3 months US dollars		6 months US Dollars	
bid 8⅝	offer 8¾	bid 8⅞	offer 9

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	9¼-½
Fed.funds	0⅛-⅛
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	5.66	Three year	8.82
Two month	6.74	Four year	8.98
Three month	7.23	Five year	9.01
Six month	7.84	Seven year	9.21
One year	8.22	10-year	9.35
Two year	8.67	30-year	9.42

Aug.12	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.95-5.05	5.10-5.25	5.20-5.35	5.30-5.45	5.50-5.70	5.00
Paris	7⅝-7¾	7¼-7⅞	7⅛-7⅝	7⅛-7¾	7⅞-8¼	6.75
Zurich	1⅝-1⅞	3⅛-3⅜	-	3¾-4	-	-
Amsterdam	5¼-5⅜	5⅜-5⅝	-	5⅛-5⅞	-	-
Tokyo	3.96875	4.15625	-	-	-	-
Milan	10-10½	10⅝-11¼	-	11-11½	-	-
Brussels	4.75	6¾-7	-	7⅛-7⅜	-	-
Dublin	7½-7⅞	7⅝-7⅞	7½-7¾	7⅝-7⅞	8-8¼	-

LONDON MONEY RATES

Aug.12	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10½	10⅝	10⅞	11¼	11⅜	11⅜
Interbank Bid	2	9⅞	10¾	11⅛	11¼	11¼
Sterling CDs	-	-	10⅝	11⅛	11	11
Local Authority Deps.	9⅞	10⅛	10⅝	11	11⅛	11
Local Authority Bonds	-	-	10⅞	11¼	11⅜	11⅝
Discount Mkt Deps.	9½	10⅛	10½	10⅞	-	-
Company Deposits	-	-	10⅞	11⅛	11¼	11¼
Finance House Deposits	-	-	10⅞	11¼	11¼	11¼
Treasury Bills (Buy)	-	-	10⅛	10⅞	-	-
Bank Bills (Buy)	-	-	10⅞	10⅞	10⅞	-
Fine Trade Bills (Buy)	-	-	11⅛	11½	11⅛	-
Dollar CDs	-	-	8.25-8.20	8.55-8.50	8.90-8.85	9.10-9.05
SDR Linked Dep Offer	-	-	7⅛	7½	7⅝	7⅞
SDR Linked Dep Bid	-	-	6⅞	7¼	7½	7⅝
ECU Linked Dep Offer	-	-	7⅞	7⅝	7⅞	8
ECU Linked Dep Bid	-	-	7⅛	7½	7¾	7⅞

Treasury Bills (sell): one-month 10⅛ per cent; three months 10⅝ per cent; Bank Bills (sell): one-month 10½ per cent; three months 10⅞ per cent; Treasury Bills: Average tender rate of discount 10.6781 p.c. ECGO Fixed Rate Sterling Export Finance. Make up day July.29, 1988. Agreed rates for period August.24,1988 to September.25, 1988, Scheme I: 11.49 p.c., Schemes II & III: 11.86 p.c. Reference rate for period July.1,1988 to July.29, 1988, Scheme IV&V: 10.511 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 from August.1, 1988: Bank Deposit Rates for sums at seven days notice 3.25 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100,000 7 per cent from July.5,1988 Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Bonds and equities firm in thin trade

THE UK securities markets wound up the week on a brighter note yesterday, although there was little increase in genuine investment interest. Steadier trends in New York and Tokyo helped London, which also responded favourably to the Bank of England's comment that domestic inflation may not reach the 6 per cent rate this year feared by some City analysts.

There was little conviction behind a rise in the equity market as the trading Account came to its close. Dealers pointed out that on Monday a number of major stocks will be quoted in ex dividend form, which often depresses the share prices concerned, and that the new Account covers a three week period, traditionally unpopular with investors.

Account Dealing Dates

*First Dealings:	Aug 1	Aug 15	Sep 5
Option Declarations:	Aug 11	Sep 1	Sep 15
Last Dealings:	Aug 12	Sep 2	Sep 16
Account Day:	Aug 22	Sep 12	Sep 26

*New time dealings may take place from 9.00 am two business days earlier

City analysts remained nervous over the interest rate outlook. At Warburg Securities, Mr Ian Harwood predicts UK base rates of 12 per cent this autumn if consumer spending continues its aggressive growth.

The FT-SE Index opened firmly, however, as traders closed bear positions opened up over an nervous two week Account. The gain was extended to 10.9 FT-SE points quite quickly,but prices then made no further headway and ended off the top as Wall Street made a slow start.

The FT-SE Index closed a net 8.2 higher at 1843.4. Over the week, the Index has fallen by 32.5 points, to show a net loss of 10.2 points over the trading Account.

Last week saw the market slide lower after higher base rates in the UK and an increased discount rate in the US signalled renewed worries over inflation. This week brings important economic data on both sides of the Atlantic – the latest trade figures from Washington and money supply and bank lending statistics in London.

Although market turnover appeared better, with Seaq volume at 495m shares, comprising both retail and intra-market deals, compared with 465.4m on Thursday, it is likely that yesterday's total took in increased inter-dealer activity.

Market indices were helped by a recovery in Shell as the quarterly trading figures were digested. Views in London of the relative attractions of BP and Shell still diverge, with the pro-Shell analysts maintaining that the group's dividend outlook remains the major attraction.

The Government bond sector was busy digesting the £750m of 1994 stock auctioned at midweek and saw little retail interest. A technical squeeze on marketmaker positions took long-dated Gilts up by about ⅜, putting the key bond on a yield of 9.63 per cent, regarded as a more comfortable comparison with the current 11 per cent base rate level. Shorts were ⅛ better, while Index-linked issues lagged with net rises of ⅛.

Upset for two drug majors

SPECULATIVE reports and press speculation sent two leading pharmaceutical shares lower in improved trading. Beecham fell 7 to 480p in turnover of 6.8m shares, while Wellcome dropped a similar amount to 508p as 2.5m shares changed hands.

Beecham was hit by sellers reacting to positive comment on trial results on the role of aspirin and streptokinase in treating heart attacks. Beecham's new heart drug, Eminase, produces streptokinase in the body system, but is likely to cost significantly more than the base product.

Mr Steven Plag, analyst at Robert Fleming, commented, "Eminase, Beecham's most important drug in the near-to-medium term, will find a much more limited market than many observers and investors expect." Some dealers were less impressed by the trial results, saying the news had already been discounted and that they were not altering their forecasts for Beecham.

Wellcome came under selling pressure from September put option activity which was followed by rumours that leading brokers had downgraded their profit forecasts. Both Warburgs and BZW denied altering their forecasts, while Hoare Govett, which attracted most attention, was adamant that it had not reduced its estimates of £205m for 1988 and £300m for 1989. A spokesman pointed out that Hoare moved Wellcome off its buy list some time ago, rating the shares a hold.

Blue Arrow hit

A cloud developed over Blue Arrow shares, when adverse comments from UK brokerage houses were matched by nervous selling from the US.

Profits downgradings by UBS Phillips and Drew (P&D) and BZW sent the shares in the international employment agency reeling in heavy trading. After dipping to 83p, however, the shares rallied to close 3 down at 88p. Turnover, extremely heavy on Thursday, reached 20m yesterday.

P&D has has slashed its current year pre-tax profits forecast from £100m to £80m and from £120m to £95m for the following year. A number of reasons are cited for the reduction, including higher-than-expected interest charges and development expenditure, currency factors and problems with Blua Arrow's operations in the US.

BZW came away from a meeting with the company with similar thoughts and subsequently lowered its estimate for 1988 to £85m and for 1989 to £102m.

US success for Lex

Lex Service, the UK's largest vehicle distributor, celebrated approval by US car makers of its plans to penetrate the American car retailing market with a rise of 7 to 401p. The group is the first British public company to achieve such status, which is being effected by the $13.5m acquisition of a 50 per cent stake in an enlarged Campbell Automotive group, operating out of California.

"This is very good news for the long-term strategy of the company. To expand it really had to move into another market and this is an excellent choice," said Mr Gavin Launder of the research team at Kleinwort Grieveson.

Sears were boosted by renewed speculation that US investment house Goldman Sachs is close to putting together a consortium to bid for the stores group. However, the rumour is that Goldman's corporate finance team is having problems finding a buyer for British Shoe, the range of shoe retailers owned by Sears.

There was also talk that Ladbroke, the betting and hotel combine, might be interested in Sears, particularly its William Hill bookmaking subsidiary. Dealers point out that such a bid would probably lead to a Monopolies Commission referral. Sears finally closed 2½ better at 142p on turnover of 12m shares.

W H Smith eased to 278p as the market digested Thursday's announcement that it plans a vendor placing of one million shares later this month to help fund the £7m acquisition of commercial stationary group Satex. W H Smith is also due to report results for the year-end to May next week and most analysts' forecasts fall around the £70m-mark.

Goldberg continued to improve on hopes that Charterhall will launch a bid, rising 7 to 225p. Storehouse were another to benefit from bid speculation, jumping 5 to 240p.

Standard Chartered came under pressure and dropped 8 to 503p as the market became increasingly nervous ahead of next Wednesday's interim figures. There has been increasing speculation this week as to whether the company will launch a major rights issue along with the results and also over the possibility of major stakes in the company changing hands.

Insurance brokers featured recently-beleaguered PWS, which recovered 8 to 153p on vague talk that the recent US losses could attract a takeover bid for the group.

Scottish & Newcastle fizzed 16½ higher to close at 357½p as 4.7m shares were traded; a bid from Elders is expected shortly. Allied Lyons firmed 5 to 423p in sympathy.

Hunter, the timber products group, greeted the recommended offer from Wickes with a jump of 95 to 318p. Hilladown Holdings and certain other shareholders representing approximately 73.4 per cent of the Hunter equity hava irrevocably undertaken to accept the offer. Other timber issues were enlivened by the news and Meyer International rose 14 to 415p.

Racal continued to feature prominently in the list of active stocks with turnover reported as 12m shares, including a single trade of 1.8m at 325p. The shares settled a net 4½ higher at 325p with the better performance coming being attributed to notes on the forthcoming flotation of 20 per cent of Racal Telecommunications.

Cable & Wireless, which on Thursday revealed the sale of its 2.8 per cent stake in Racal, jumped 6 more to 388p on turnover of 2.8m after a positive view on the company from Connty NatWest WoodMac, whose Patrick Wellington says the shares "should outperform from these levels".

Boots improved 5 to 232p in volume of 5.6m shares with a big buyer reported to be operating. Pilkington, unsettled since the OFT announced the investigation into glass price-fixing, also traded in a lively fashion and closed a couple of pence firmer at 216p.

British Airways continued to make progress on the July traffic figures, advancing 5 more to 160p. Turnover amounted to some 3.8m shares.

Bid candidates SW Berisford jumped 16 to 400p and Dalgety rose 4 to 339p after Hillsdown Holdings announced the disposal for shares and cash of its controlling stake in Wickes. Hillsdown is now expected to look for an acquisition and its shares rose 8 to 285p (turnover 5.1m) in response to the company's enhanced cash position.

Pleasurama jumped 18 to 275p in turnover of 6m shares following approval of the Hard Rock bid and the subsequent announcement from Mecca Leisure that it was making a renewed bid. Mecca shares fell 8 to 207p. Trusthouse Forte closed 8 better at 258p after good trade of 4.4m shares as investors focused on the value of Grand Metropolitan's Inter-Continental hotels.

Speculative buyers were all too ready to pay new-time premiums for stock of John Foster, which had a similar run only last Monday, and the close was within a whisker of the year's high at 163p, up 7.

Rothmans International rebounded quickly, retrieving most of the week's fall as speculation returned of an imminent development concerning Rembrandt, one of its two major shareholders. The shares closed 15 higher at 434p.

The oil and gas sector turned in a neutral performance. BP initially rose to 261p before slipping back to close unchanged on balance at 259p.

Business in the Traded Options market slackened off after a busy week. 31,267 contracts were traded in total, of which 23,983 were calls and 7,284 puts. The FT-SE Index notched up only 859 calls but an impressive 2,523 puts. The two top performing stocks were Hanson Trust with 3,297 calls and 25 puts, and Trusthouse Forte with 2,322 calls and 2,64 puts.

Other statistics, Page 25

FINANCIAL TIMES STOCK INDICES

	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	88.17	87.92	87.98	88.31	88.23	87.03	91.43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.42	97.46	97.43	97.91	97.84	94.31	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1484.8	1477.6	1482.1	1501.1	1514.7	1785.3	1614.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	189.5	188.9	190.4	195.0	196.9	416.2	312.6 (7/1)	188.9 (11/8)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.59	4.59	4.58	4.52	4.48	3.24				
Earning Yld. %(full)	11.60	11.65	11.61	11.46	11.36	8.06				
P/E Ratio (Net)(☆)	10.49	10.46	10.50	10.63	10.73	15.22				
SEAQ Bargains (5pm)	28,341	24,059	24,952	25,442	28,351	3286.8				
Equity Turnover (£m)	-	979.6	1430.77	928.24	854.46	1117.72				
Equity Bargains	-	26,733	25,175	24,989	27,061	39,863				
Shares Traded (ml)†	-	420.2	439.0	381.3	324.5	463.7				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1480.5	1482.9	1485.9	1484.8	1485.1	1485.2	1481.7	1483.2

DAY'S HIGH 1486.1 DAY'S LOW 1480.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. ☆ Nil 10.41 † Excluding intra-market business

S.E. ACTIVITY

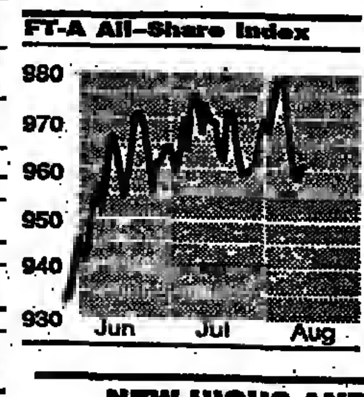
Indices	Aug 11	Aug 10
Gilt Edged Bargains	105.1	128.5
Equity Bargains	173.2	163.1
Equity Value	1980.00	2891.98
5-Day average		
Gilt Edged Bargains	118.5	121.2
Equity Bargains	169.2	167.7
Equity Value	2180.18	2201.64

London Report and latest Share Index: Tel. 0898 123001

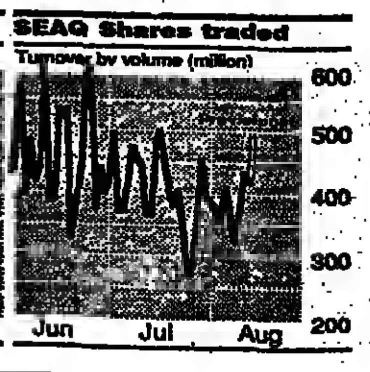
LONDON TRADED OPTIONS

[illegible]

FT-A All-Share Index



SEAQ Shares traded



NEW HIGHS AND LOWS FOR 1988

[illegible]

LONDON STOCK EXCHANGE: Dealings

…tails of business done shown below have been taken with …t from last Thursday's Stock Exchange Official List and should … reproduced without permission.
…tails relate to those securities not included in the FT Share …ation Services.
…less otherwise indicated prices are in pence. The prices are …t which the business was done in the 24 hours up to 5 pm on …ay and settled through the Stock Exchange Talisman system, …e not in order of execution but in ascending order which denotes …'s highest and lowest dealings.
… those securities in which no business was recorded in Thurs… Official List the latest recorded business in the four previous … given with the relevant date.
…argains at special prices. ♦ Bargains done the previous day. …h done with non-member or executed in overseas markets.

…ration and County

…S No. of bargains included5

[illegible]

Nova Scotia(Province of)11¾% Ln Stk 2019 – £116¾ ¾ (8Au88)
16¾% Ln Stk 2011 – £150
Petroleos Mexicanos14¾% Ln Stk 2006 – £95 (1Au88)

[illegible]

…blic Boards

[illegible]

…n Stocks, Bonds, …oupons payable in …n

[illegible]

Banks and Discount Companies

[illegible]

Breweries and Distilleries

[illegible]

Registered Housing Associations

[illegible]

…g Issues by Overseas …wers

[illegible]

Commercial, Industrial, etc

[illegible]

Financial Trusts, Land, etc

[illegible]

Insurance

[illegible]

Investment Trusts

[illegible]

Unit Trusts

[illegible]

Mines – Miscellaneous

[illegible]

Mines – South African

[illegible]

Oil

[illegible]

Property

[illegible]

Plantations

[illegible]

Railways

[illegible]

Shipping

[illegible]

Utilities

[illegible]

Water Works

[illegible]

USM Appendix

[illegible]

The Third Market Appendix

[illegible]

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Abitibi-Price £10.20 (8/8)
ACMEX Holdings A$0.887♦ (9/8)
Acorn Securities 18♦17,18,18½‡ A$0.371
Alkane Exploration A$0.069 (10/8)
Amatil 380
Ampol Exploration 125 (8/8)
Amsterdam Rotterdam Bank FL77.4,78½,78.6
Applied Magnetics Corp $14¾ (10/8)
Aquarius Exploration 11
Aust. Development 100 (9/8)
Aust. Foundation Inv 65 (9/8)
Aust. Oil & Gas 31♦
Bass Strait Oil & Gas 4♦
Best Products Co $15⅝♦15¾♦15⅞♦15.99♦16.0♦
Beverly Enterprises $5.95♦6.06¼♦
Black Hill Minerals A$0.179,0.18
Central Kalgoorlie Gold Mines 5 (5/8)
Central Norseman A$1.1 (9/8)
Central Victorian Gold Mines 5½
Conex Aust 1½
Daicel Chemical Industries Y920 (8/8)
Development Bank of Singapore S$09.007
Devex A$0.498 (10/8)
Du Pont $85.29 (9/8)
Dynatech Corp $21⅝ (10/8)
Free State Cons Gold Mines $7½,8,8.04 (9/8)
Fuji Photo Film Y3710 (8/8)
Golconda A$0.271
Grants Patch Mining 10♦ A$0.191
Great Eastern Mines A$1.65
Greenbushes 65♦ (8/8)
Groupe Bruxelles Lambert BFR3376.0796 (5/8)
Hang Lung Development HK$5.1 (9/8)
Holiday Corp $24¾
Hunter Resources 13
Japan Radio Y1520,5 (8/8)
Jones (David) A$9.1608,9.1882 (8/8)
Kansai Electric Power Co Y3130 (5/8)
Kuala Sidim Rubber M$ 2.6087 (5/8)
Kulim Malaysia Ord 33♦33
Lawter International $12½♦12⅝♦12.66♦ (10/8)
Loral Corp $35.8468♦ (5/8)
Matsushita Electric Industrial Y2760,2780,2790,2845
Mitsubishi Heavy Inds Y955 (9/8)
Mount Carrington Mines A$1.109
Mount Martin Gold Mines A$0.652 (9/8)
National Electronics (Consolidated) 4,7 (9/8)
Nationale-Nederlanden CVA FL62½,63,63½,64.05
New Town (N.T.) Props. HK$5.605
Oakbridge A$0.207 (10/8)
Oil Search 50 A$1.156
Oilmet 5 (8/8)
Overseas Chinese Banking Corp S$9,10.6155 (8/8)
Palabora Mining R36 9 (9/8)
Pancanadian Petroleum £11½ (5/8)
Petersville Sleigh A$2.651 (9/8)
Pinevale Investments 24♦ (8/8)
Pioneer Electronic Corp Y3723.69,3960
Poseidon 102♦110 A$2.266,2.287 (10/8)
Regal Hotels (Hldgs) 13
Regent Mining 8 (5/8)
Sappi Ltd 435♦ (10/8)
Service Corp Int $19.74514 (8/8)
Sky Line Explortn 800♦
Societe Nationale Elf Aquitaine FR322,323,324
Source Perrier FR905
Sumitomo Metal Industries Y587.945,587.95
Sun Hung Kai Properties HK$10.35
Swire Pacific 'B' HK$3.162 (5/8)
Tandem Computers 870 (5/8)
Target Petroleum Ord 15♦ (9/8)
Target Petroleum 2♦
Victoria Exploration A$0.091 (9/8)
Vulcan Minerals 31 A$0.747 (10/8)
Walhalla Mining Co 72 (8/8)
Wharf Hldgs 55♦ HK$7.95
Wooltru Ord 240 R15.15 (5/8)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Ann Street Brewery 780
Channel Island Communications 425
Connister Trust 160 (5/8)
Daily Telegraph 125
Dart Valley Light Rlwy 210,15 (8/8)
Eastbourne Wtrwks 150 (9/8)
Everton Football Club £650 (8/8)
Greenstar Hotels 72
Guernsey Gas Light 546 (9/8)
Guernsey Press 200
Jacques Mathiot Wines 40 (5/8)
Jennings Bros 250,80
Kent (GB) & Sons 30 (9/8)
Le Riches Stores 400,10
Manchester Utd FC 600,50
Merrett 295,300 (9/8)
Owl Creek Invs. Trust 10½,11½ (9/8)
Sefton Hotel 200 (8/8)
Southern Newspapers 365 (10/8)
Special Eyes 65 (8/8)
Star Offshore Services 14,5
Wadworth 107,½
Wynnstay Props 150,2 (10/8)

By Permission of the Stock Exchange Council

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

European Growth	5 17.32	17.32xd	18.65	+0.04	1.34
International	5 91.83	91.83xd	97.79	-0.31	1.01
Japan	5 148.2	140.2	149.3	-0.3	0.01
Pacific	5 224.4	224.4xd	238.9	-1.3	0.19
Secs of America	5 177.7	177.7	189.2	-0.9	1.07
W'wide Asset Val	5 26.69	26.69	28.42	-0.11	1.06
Specialist Trusts					
Asset Value	5 320.7	323.6	344.6	+1.9	2.89
Conv & Gilt	5 38.50	39.10xd	41.58	+0.13	5.17
Smaller Co's	5 171.2	173.2xd	182.3	+1.0	2.21
2nd Smaller Co's	5 196.6	196.6	209.3	+0.7	1.88
Recovery	5 100.9	100.9	107.4	+0.6	2.99
Met Min & C'dty	5 105.9	105.9	112.7	+0.2	1.47
O'seas Earnings	5 208.7	208.7	222.2	+1.2	3.15
Technology	5 87.19	87.19	92.85	-0.28	1.39
UK Special Sits	5 264.8	264.8	282.0	+2.4	2.56

15 St James' Place, London SW1A 1NW 01-493 8111

Progressive Inc	5 £15.74	£16.04	16.99	—	2.64
Progressive Acc	5 £22.09	£22.51	23.76	—	2.64
International Inc	5 £16.01	£16.01xd	16.90	—	1.71
International Acc	5 £20.17	£20.17	21.29	—	1.71
Can & Foreign Inc	5 188.1	188.1	198.5	—	2.40
Can & Foreign Acc	5 209.6	209.6	221.2	—	2.40
Special Sits Inc	5 165.5	168.3	177.6	—	1.93
Special Sits Acc	5 165.5	168.3	177.6	—	1.93

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 01-248 4400

Brewin Capital	5½ 185.2	195.7	208.1	—	1.31
Brewin Dividend	5½ 96.65	101.2	107.6	—	5.80
Brewin Intl Gth Inc	5½ 211.3	221.3	236.2	—	3.49

Income	5 329.03	331.79	352.52	—	4.36
Do (Accum)	5 691.65	697.43	741.95	+0.96	4.53
Intl Technology	5 179.54	179.54	191.60	-0.32	0.35
Do (Accum)	5 188.77	188.77	200.81	-0.36	0.35
Japan Growth	5 102.81	102.81	109.14	-0.24	0.01
Do (Accum)	5 103.17	103.17	109.53	-0.24	0.01
Master Trust	5 40.38	40.38	42.94	-0.05	1.40
Do (Accum)	5 41.13	41.13	43.74	-0.05	1.40
N American & Gen	5 104.82	104.82xd	111.51	-0.44	1.50
Do (Accum)	5 116.09	116.09xd	123.50	-0.50	1.50
N Am Sm Cos & Rec	5 54.13	54.68	58.18	+0.26	0.01
Do (Accum)	5 54.13	54.00	58.18	+0.26	0.01
Pacific Basin	5 156.74	156.74	166.74	-0.97	0.01
Do (Accum)	5 164.26	164.26	174.74	-1.02	0.01
Small Cos & Recy	5 288.94	288.94	307.30	+0.15	1.95
Do (Accum)	5 332.72	332.72	353.95	+0.15	1.96
UK Growth	5 58.11	58.11xd	61.61	-0.14	2.33
Do (Accum)	5 59.96	59.96xd	63.78	-0.15	2.33
Worldwide Gwth	5 187.22	187.22	199.17	-0.80	0.66
Do (Accum)	5 266.05	266.05	283.03	-1.14	0.66

Commodity Shares	5¼ 146.6	146.6	159.1	-1.0	1.74
Financial Securities	5¼ 41.41	41.41	44.00	-0.01	2.68
Gold	5¼ 47.17	47.17	50.59	-0.18	0.28
Accum Units	5¼ 49.03	49.03	52.59	-0.19	0.27
Intl Leisure	5¼ 16.10	16.10	17.11	-0.07	0.60
Property Shares	5¼ 79.73	79.71	84.69	-0.03	0.88
Universal Energy	5¼ 57.55	57.55xd	61.14	-0.48	3.04
World Technology	5¼ 36.00	36.00xd	38.25	-0.33	0.50
Overseas Growth Funds					
American Growth	5¼ 86.05	86.05	91.46	-0.74	1.69
US Smaller Co's	5¼ 58.32	58.32xd	63.97	-0.44	0.00
(Accum Units)	5¼ 58.94	58.94	62.62	-0.44	0.00
Australian Growth	5¼ 46.22	46.22	49.11	-0.02	2.02
Drayton Japan	5¼ 49.98	49.98	52.60	-0.19	0.00
Europe Perf	5¼ 65.58	65.58	69.67	-0.21	0.82
(Accum Units)	5¼ 65.75	65.75	69.86	-0.21	0.82
Euro Smaller Cos	5¼ 11.60	11.60	12.33	-0.03	1.44
Far East	5¼ 67.39	67.39	71.61	-0.31	0.00
French Growth	5¼ 34.17	34.17	36.31	—	0.41
Accum Units	5¼ 34.39	34.39	36.54	—	0.40

I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD
Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

FT 30	FTSE 100	WALL STREET
Aug. 1478/1487 +3	Aug. 1835/1845 +1	Aug. 2030/2042 -1
Dec. 1491/1500 N/C	Dec. 1852/1862 -1	Dec. 2053/2062 -1

Prices taken at 5pm and change is from previous close at 9pm

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday August 11 1988

Property	+26.82	Insurance(Life)	+ 9.49
Leisure	+22.69	500 Share Index	+ 9.43
Food Manufacturing	+20.57	Industrial Group	+ 9.39
Overseas Traders	+19.66	Other Industrial Materials	+ 9.09
Electronics	+19.10	Building Materials	+ 8.99
Contracting, Construction	+18.05	Motors	+ 8.86
Mechanical Engineering	+17.70	Health & Household Products	+ 8.80
Investment Trusts	+17.70	Electricals	+ 8.69
Shipping & Transport	+14.64	Consumer Group	+ 8.17
Metals & Metal Forming	+14.38	Packaging & Paper	+ 7.88
Capital Goods	+13.72	Other Groups	+ 7.45
Brewers and Distillers	+13.53	Publishing & Printing	+ 6.07
Mining Finance	+12.93	Merchant Banks	+ 5.55
Insurance(Brokers)	+11.19	Banks	+ 4.21
Financial Group	+10.76	Agencies	+ 3.66
Conglomerates	+10.73	Textiles	+ 3.03
Insurance(Composite)	+10.12	Chemicals	+ 2.31
All Share Index	+10.05	Stores	- 2.28
Telephone Networks	+ 9.98	Food Retailing	- 4.58
Oil & Gas	+ 9.63	Gold Mines Index	-37.47

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	101	6	6	207	293	64
Corps. Dom. & Foreign Bonds	17	0	35	27	83	150
Industrials	464	297	835	1,611	2,499	3,844
Financial and Props	167	108	381	603	986	1,667
Oils	21	30	57	80	200	260
Plantations	0	0	13	9	8	48
Mines	37	74	82	155	354	452
Others	38	127	95	256	579	480
Totals	845	642	1,504	2,948	5,002	6,985

BANK RETURN

BANKING DEPARTMENT	Wednesday August 10, 1988	Increase (+) or decrease (-) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	85,821,815	+ 7,938,037
Bankers Deposits	1,194,717,542	- 30,334,147
Reserve and other Accounts	1,980,006,903	- 150,468,554
	3,275,099,260	- 172,864,664
ASSETS		
Government Securities	764,898,226	- 36,960,000
Advance and other Accounts	1,241,895,516	+ 596,405,179
Premises Equipment & other Secs	1,258,583,411	- 736,365,043
Notes	9,472,276	+ 4,068,953
Coin	249,831	- 13,753
	3,275,099,260	- 172,864,664
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	14,310,527,724	- 64,068,953
Notes in Banking Department	9,472,276	+ 4,068,953
	14,320,000,000	- 60,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	7,626,080,018	- 812,375,601
Other Securities	6,682,904,882	+ 752,375,601
	14,320,000,000	- 60,000,000

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Black Horse Life Ass. Co Ltd
Mountbatten Hse, Chatham, Kent. 0634 834000

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
The Managed Fund	448.41		—	—
The Income Fund	445.10	468.53	—	—
The Extra Income Fund	414.88	436.72	—	—
The Wrldwd Grwth Fd	316.25	332.88	—	—
The Balanced Fund	363.17	382.29	—	—
Smlr Co's & Rcvy Fd	552.89	581.99	—	—
The Int Technology Fd	313.82	330.34	—	—
The Nth Amer & Gen Fd	223.22	234.97	—	—
The Energy Int Fd	124.97	131.55	—	—
The Pacific Basin Fund	283.88	298.83	—	—
The German Growth Fund	99.82	105.08	—	—
The Japan Growth Fund	187.66	197.54	—	—
The UK Growth Fund	132.22	139.18	—	—
The Cont'l Eur Grwth Fd	66.97	70.50	—	—
Nth Amer S.C. & Rcvy	117.34	123.52	—	—
The Property Fund	234.16	246.49	—	—
The Fixed Interest Fd	210.70	221.79	—	—
The Cash Fund	189.53	199.51	—	—
The Managed Invest Fd	283.49	298.42	—	—
Pension Funds				
Managed Pen Fd	111.26	117.12	—	—
Fixed Int Pen Fd	100.49	105.78	—	—
Property Pen Fd	109.57	115.34	—	—
Cash Pen Fd	101.25	106.58	—	—
UK Equity Pen Fd	104.43	109.93	—	—
Nth Amer Pen Fd	98.28	103.46	—	—
European Pen Fd	98.27	103.45	—	—
Far East Pen Fd	98.32	103.50	—	—

British National Financial Services
Perrymount Road, Haywards Heath 0444 414111

	Bid Price	Offer Price	+ or –	Yield Gross
Managed	215.1	226.5	-5.0	—
International	235.1	247.4	-9.9	—
Property	263.4	277.3	-1.5	—
Equity	310.3	326.6	-4.1	—
New Technology	155.8	164.0	-9.6	—
American	93.7	98.6	-2.2	—
Orient	101.7	107.0	-2.0	—
European	78.1	82.2	-3.1	—
Fixed Interest	161.2	169.7	-3.4	—
Deposit	133.4	140.4	-0.5	—
Managed Series 2	213.9	225.2	-4.9	—
International Series 2	232.6	244.9	-9.7	—
Equity Series 2	309.4	325.6	-4.1	—
Managed Pensions Accum	280.6	295.3	-7.0	—
Managed Pensions Cap	197.2	207.6	-5.1	—
Property Pens Accum	348.6	367.0	-2.6	—
Property Pens Cap	245.9	258.9	-2.2	—
Equity Pensions Accum	410.4	432.0	-7.4	—

Combined Insurance Co of America
15 Wheatfield Way, Kingston upon Thames, Surrey KT1 2PA. 01-546 7739

	Bid Price	Offer Price	+ or –	Yield Gross
Managed Fund (Cap)	103.0	108.4	-0.7	—
Managed Fund (Acc)	108.3	114.0	-0.7	—
Managed Pens Fd (Cap)	131.7	138.6	-1.4	—
Managed Pens Fd (Acc)	139.0	147.1	-1.5	—

Commercial Union Group
St Helen's, 1 Undershaft, London EC3 01-283 7500

	Bid Price	Offer Price	+ or –	Yield Gross
Var Ann Aug 19	64.21		+0.22	—
Var (Acc) Aug 13	328.44		-2.44	—
Prime Series-Life				
Managed	251.9	265.2	+0.4	—
Reserve Managed	98.4	103.6	+0.3	—
Venture Managed	98.1	103.3	-1.0	—
UK Equity	303.7	319.7	-0.3	—
Intl Equity	185.7	195.5	-1.6	—
Property	157.4	165.7	—	—
Fixed Interest	157.7	166.1	+0.5	—
Index Lkd Gilt	107.2	112.9	-0.5	—
Cash	133.6	140.7	—	—
Investment Tst	148.5	156.4	+0.4	—
U/T Income Fd	107.2	112.9	-1.3	—
U/T UK & General	104.6	110.2	-1.3	—
U/T W'wide Sp Sits Fd	90.9	95.7	-2.2	—
U/T Gamma Fd	77.7	81.8	+0.9	—
U/T Amer Gth Fd	100.0	105.3	-2.5	—
U/T Euro Gth Fd	103.8	109.3	-1.4	—
U/T Far East Gth Fd	117.7	123.9	+0.0	—
U/T W'wide Bd Fd	94.3	99.3	-0.4	—
David Collier & Ptnr	131.2	138.2	+0.2	—
Prime Series-Pensions				
Managed	315.2	331.8	-0.6	—
Reserve Managed	95.4	100.5	-0.1	—
Venture Managed	93.7	98.7	-0.6	—
UK Equity	405.0	426.4	+0.1	—
Intl Equity	217.5	229.0	-3.1	—
Property	161.3	169.8	—	—
Fixed Interest	165.7	174.5	+0.4	—
Index Lkd Gilt	112.5	118.5	-0.1	—
Cash	146.3	154.0	—	—
Investment Tst	164.4	173.1	+0.5	—
Building Society Fd	96.7	100.8	—	—

Continental Life Insurance PLC
64/70 High St, Croydon CR0 9XN 01-680 5225

	Bid Price	Offer Price	+ or –	Yield Gross
Equity Acc	357.0	375.8	—	—
Property Acc	520.0	547.4	—	—
Int Acc	228.4	240.4	—	—
Managed Acc	300.3	316.3	—	—
Spec Sits Acc	272.3	286.6	—	—

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	83	Redemption 3pc 1986-96	99	.....	[illegible]	8.40
100	99	Treas. 9½pc '88	99		[illegible]	10.76
102	100	Treas 11½pc 1989	100		11.44	10.43
101	99	Treas 9½pc Cnv 1989	99		[illegible]	10.49
97	95	Treas 3pc 1989	96	.....	[illegible]	7.81
102	99	Treas 10½pc 1989	99		[illegible]	10.46
102	99	Exch. 10pc 1989	99		[illegible]	10.41
103	100	Exch 11pc 1989	100		[illegible]	10.39
97	95	Treas 5pc 1986-89	95	.....	[illegible]	9.23
104	100	Exch 10¼pc Cv '89	100		[illegible]	9.89
107½	103	Treas 13pc 1990‡‡	103		[illegible]	10.16
104	100	Exch 11pc 1990‡‡	101		[illegible]	10.14
107	102	Exch. 12½pc 1990	103		[illegible]	10.33
93	91	Treas. 3pc 1990	91		3.29	8.59
99	96	Treas 8¼pc 1987-90‡‡	96		8.51	10.11
102	97	Treas. 8pc Cv 1990 ‡‡	98		8.14	9.01
103	98	Treas. 10pc Cv 1990	99½		10.04	10.21
91	88	Exch 2½pc 1990	88	.....	2.82	7.99
107	102	Treas 11¾pc 1991	103		11.41	10.28
95	91	Funding 5¾pc '87-91‡‡	91	.....	6.28	9.39
90	87	Treas. 3pc 1991	87	.....	3.43	8.13
105	99	Treas 10pc Cv '91 ‡‡	100		9.98	9.90
107	101	Exch. 11pc 1991	102		10.78	10.22
98	93	Treas. 8pc 1991	94		8.49	10.07
113	106	Treas 12¾pc 1992‡‡	107		11.90	10.20
104	99	Treas 10pc 1992	99		10.04	10.14
98	93	Treas. 8pc 1992 ‡‡	93		[illegible]	10.06
106	100	Treas 10½pc Cv 1992‡‡	101		[illegible]	10.17
86	83	Treas. 3pc 1992	83		[illegible]	8.01
112	106	Exch. 12¼pc '92	106		[illegible]	10.28
117	110	Exch 13½pc 1992	110		[illegible]	10.22
97	92	Treas 8¼pc 1993	93		[illegible]	10.09
105	99	Treas 10pc 1993‡‡	99		[illegible]	10.03
115	108	Treas 12½pc 1993‡‡	109		[illegible]	10.04

BRITISH FUNDS – Contd

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Undated				
44	41	Consols 4pc	43		9.13	–
39	37	War Loan 3½pc‡‡	39		8.96	–
53	48	Conv. 3½pc '61 Aft	53		6.60	–
33	30	Treas. 3pc '66 Aft	32		9.16	–
28	26	Consols 2½pc	27		9.03	–
28	26	Treas. 2½pc	27		9.03	–
		Index-Linked (b)			(1)	(2)
121	117	Treas 2pc IL '90(84.6)	121		1.04	2.78
103	99	Do. 2pc '92‡‡(97.8)	102		2.37	3.08
96	94	Do. 2 '94 (102.9)	94		2.84	3.27
139	127	Do. 2pc '96(67.9)	138		3.04	3.36
114	103	Do 2½pc '01(78.3)	113		3.70	3.92
111	101	Do. 2½pc '03(78.8)	110		3.75	3.95
113	102	Do. 2pc '06(69.5)	112		3.78	3.95
105	95	Do. 2½pc '09(78.8)	104		3.79	3.95
109	99	Do. 2½pc '11(74.6)	108		3.80	3.94
91	82	Do. 2½pc '13(89.2)	90		3.76	3.90
98	88	Do. 2½pc '16(81.6)	97		3.72	3.86
96	87	Do. 2½pc '20(83.0)	95		3.68	3.80
81	73	Do. 2½pc '24‡‡(97.7)	79		3.66	3.77

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1987:103.4 and for June 1988:106.6

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1988 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	33	Greek 7pc Ass	45	.....	3.50	f7.78
45	33	Do. 6pc 28 Stb. Ass.	45	.....	3	f6.67
45	33	Do 4pc Mixed Ass.	45	.....	2	f4.44
75	63	Hung. '24 Ass.	75	.....	2.75	f3.67
140	128	Hydro Quebec 15pc 2011	136		15.00	10.76
128	118	Iceland 14½pc Ln 2016	127		14.50	11.22
101	96	Ireland 9¾pc '91-96	99	.....	9.75	9.90

AMERICANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
29	22	Abbott Laboratories‡	26		$1.20	–	2.7
649p	405p	Allegheny & W 1c	416p	–10	30c	–	4.2
14	862p	Amax $1	12		020c	–	1.0
31	16	Amdahl 5c	25	+1	20c	–	0.5
31	22	Amer. Cyanamid $5	27		$1.20	–	2.6
17	11	Amer. Express 60c	16		76c	–	2.7
10	668p	Amer. Medical Int. $1	970p	–22	†72c	–	4.4
17	13	American T. & T. $1	15		$1.20	–	4.7
54	44	Ameritech $1	51		$5.40	–	6.1
27	16	Amfac‡	27	.....	–	–	–
18	15	Anheuser-Busch $1	17		60c	–	2.0
875p	360p	BankAmerica $1	019p		–	–	–
22	16	Bankers N.Y. $1	21		$1.86	–	5.1
42	34	Bell Atlantic $1	40		$4.08	–	6.0
25	19	BellSouth Corp.	23		$2.36	–	5.9
15	850p	Bethlehem Steel $8	12		–	–	–
13	801p	Bio-Rad Labs. Inc. 'A'	11		–	–	–
23	15	Bowater Inc.	16	.....	92c	–	3.2
15	11	Browning-Ferris 16.6c	13		48c	–	2.1
13	787p	Brunswick 75c	12		44c	–	2.2
28	21	CPC Intnl. 25c	28		$1.44	–	3.0
17	13	CSX $1	14	.....	$1.24	–	4.9
16	11	CalFed Inc $1	13		$1.40	–	6.1
16	12	Campbell Soup 15c	15		84c	–	3.1
39	31	Caterpillar Inc $1	34		75c	–	1.3
17	11	Chase Manhattan $12½	16		$2.16	–	7.6

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
26⅝	19⅞	Texaco $6.25	26⅞xd	–⅛	♦$3.00	–	6.6
60¼	43½	Time Inc. $1	56½xd	–⅞	$1.00	–	1.0
20½	15⅞	Transamerica $1	19⅞xd	–¼	$1.84	–	5.6
		For Transworld see TW Services					
20¼	14½	TRINOVA Corp.	15⅞xd	–⅛	64c	–	2.5
19	15⅞	USX $1	16¼xd	–⅛	$1.20	–	4.2
23	17⅝	Utd. Technologies	21½xd	–⅛	$1.60	–	4.4
33½	26¾	US West	32⅛	–⅛	$3.52	–	6.4
21⅞	16⅞	Waste Management $1	20⅝xd	–¼	48c	–	1.4
16⅞	12⅞	Whirlpool $1	14⅝	–½	$1.10	–	4.4
32⅛	18¾	♦Woolworth $3½	28⅛	+⅛	$1.64	–	3.4

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp ‖	227p	–2	–	–	–
32p	11p	♦Abbot Energy Corp.	24½p	.....	–	–	–
14¼	990c	♦Amer. Barrick Res.	10⅛	–¼	–	–	–
10p	3½p	American Lightwave	4½p	–1	–	–	–
47p	15⅞p	♦Armeno	15⅞p	–1	–	–	–
76p	45p	Augmitto Expln.	50¼p	+2	–	–	–
13⅞	10⅜	Bk. Montreal ‖	13½xd	.....	$2.00	–	7.3
697p	514p	Bk Nova Scot. ‖	662p	.....	76c	–	5.6
18¾	15¼	BCE ‖	17⅝xd	.....	$2.44	–	6.7
716p	591p	♦Bow Valley‖	639p	+7	♦40c	–	3.0
13⅞	10½	♦Brascan‖	12½	.....	38c	–	3.4
328p	189p	♦Brealwater Res.	232p	–1	10c	–	2.1
11¼	801p	Can. Imp Bank‖	11⅛	.....	$1.16	–	5.0
11½	841p	Can. Pacific ‖	10⅝	.....	60c	–	2.7
41½	40	Do. 4pc Deb £100.	49½	.....	4%	–	9.9
515p	362p	Central Capital "A" ‖	478p	–4	–	–	–
485p	443p	♦Corona Corp	443p	–9	–	–	–
886p	203p	Cons. TVX Min.	347p	–51	–	–	–
357p	76p	Danbus Res.	335p	–1	–	–	–
686p	430p	Derlan Inds.	604p	–5	11.75c	–	0.9
14¼	984p	♦Echo Bay Mines	10½	+¼	$0.07	–	0.4
40p	26p	Energex Minerals	25¼p	–½	–	–	–
125p	83p	Euro-Asia Capital Ltd.	108p	–1	–	–	–
386p	222p	♦Galactic Resources	293p	–2	–	–	–
125p	90⅞p	♦Geodome Res.	90⅞p	–1	–	–	–
394p	206p	Granges Expln‖	209p	–8	–	–	–
17p	8½p	♦Gt Pacific Res.	11p	–½	–	–	–
905p	652p	♦Gulf Canada‖	855p	–25	52c	–	3.0
12⅛	816p	♦Hawker Sid Can‖	11⅛	.....	$1.08	–	4.7
590p	344p	Henlys Group	478p	–4	–	–	–
957p	785p	♦Hudson's Bay ‖	890p	.....	60c	–	3.3
28	22⅞	♦Imperial Oil‖	26⅛	–⅛	$1.80	–	3.3
20⅞	10⅞	Inco‖	16⅝	–½	US$0.80	–	2.8
715p	462p	♦Inland Nat. Gas $1	574p	+1	60c	–	5.1
250p	150p	Madeleine Mines	196p	+6	–	–	–
207p	126p	♦Muscocho Expln.	191p	–2	–	–	–
187p	75p	♦Nat Business Sys. ‖	96p	–1	–	–	–
245p	110p	♦Nevada Goldfields	215p	–2	–	–	–
12	787p	♦Rio Algom	10¼	–¼	$1.30	–	6.2
16¼	11½	Royal Bk. Can. ‖	15½	–⅛	$2.08	–	6.5
34⅞	26⅜	Seagram‖	31½	.....	US$1.20	–	2.2
361p	174p	♦Sonora Gold Corp‖	177p	–1	–	–	–
111p	18p	Spiral Eng.	110p	+1	–	–	–
150p	35p	Tarn Pure Tech Corp. ‖	112p	+4	–	–	–
16½	11⅞	Toronto-Dom. Bk. ‖	15⅞	–⅛	$1.12	–	3.5
64p	14p	♦Trans Atlantic Res ‖	23⅞p	–½	–	–	–
684p	566p	♦Trans Can Pipe	627p	.....	68c	–	5.3
205p	127p	Varity Corp‖	172p	+1	–	–	–

BANKS, HP & LEASING

1988 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*232	124	ANZ $A1	226xr	+3	st021c	3.1	4.3	7.7
281	200	Allied Irish	249	+5	Q65.3%	3.1	5.5	7.8
£13¼	£10	Algemene Fl.10	£12	+¼	Q27%	1.9	6.1	–
73	56	Anglo Irish	65	.....	Q19%	1.2	6.3	20.3
90	64	Ansbacher (H.) 1p.	90	.....	2.0	–	3.0	–
£40½	£24⅛	Banco de Bilbao S.A	£36⅛	+⅛	Q67.2%	3.1	4.5	7.1
£55⅝	£27⅞	Banco de Santander	£30⅛	–⅛	Q22%	2.4	1.8	23.6
*268	184	Bank Ireland Ir£1.	234	+2	Q15.67%	3.3	5.6	7.3

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LEISURE

هكذا من الأصل

هكذا من الأصل

LONDON SHARE SERVICE

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1988 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]								
60	33	Propeller 1p........y	55	.....	–	–	–	26.6
31	13	Publishing Hldgs.5p.y	22	–1	–	–	–	17.2
237	150	Royal Sovereign 10p.y	235	.....	4.6	1.9	2.6	22.0
26	22½	Scott Pickford 10p...y	25	.....	5.1	0.7	16.5	13.0
116	68	Seacon Hldgs.........y	113	.....	–	–	–	–
15½	13	Sonic Tape 2½p.....y	14½	+½		–	–	19.0
27	18	Stake Hldgs 5p.....y	21	–1	–	–	–	♦
4½	3	Swangard Studios 1p y	3	–¼	–	–	–	♦
298	200	Takare..............y	293	+5	b1.0	8.1	0.5	50.1
70	41	Theme Holdings.....y	67	.....	♦1.1	♦	2.2	♦
36	20	Tomorrows Leisure 20p y	30	.....	–	–	–	♦
25	13½	Tullow Oil 10p.....y	18	.....	–	–	–	–
155	115	UPL Group 10p......y	120	.....	L2.41	4.3	2.7	16.3
182	123	Unit Group..........y	178	–4	5.0	♦	3.7	♦
125	85	Video Tape Rec 5p. y	120	.....	L2.3	2.3	2.6	17.3

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ‡ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. N Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... y	71	.....
Craig & Rose £1.. y	700	.....
Finlay Pkg. 5p.... y	89	.....
Holt (Jos) 25p..... y	£11¼	.....

IRISH

Nat. 9¾% 84/89..	£100¼	–¼
9pc Cap Ln. 1996..	£99½	.....
Fin. 13% 97/02...	£119	.....
Arnotts ....y	365	.....
CPI Hldgs..........y	130	+2
Carrol Inds.........y	152	.....
Hall (R. & H J....	165	+9
Heiton Hldgs.......y	52	.....
Irish Ropes.........y	165	.....
Unidare.............y	490	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	28
Boots	19
Bowaters	35
Brit. Aerospace	35
Brit. Telecom	22
Burton Ord.	21
Cadburys	32
Charter Cons.	38
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	65
GEC	17
Glaxo	65
Grand Met.	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd	43
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen.	25
Lex Service	33
Lloyds Bank	26
Lucas Inds	58
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	30
NEI	10
Nat West Bk.	52
P & O Dfd	52
Plessey	16
Polly Peck	50
Racal Elect	32
RHM	30
Rank Org Ord	64
Reed Intnl.	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	11
T&N	17
Unilever	42
Vickers	14
Wellcome	45

Property	
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50

Oils	
Brit. Gas	17
Brit Petroleum	24
Burmah Oil	30
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26

Mines	
Cons Gold	95
Lonrho	28
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

FINANCIAL TIMES

Weekend August 13/August 14 1988

SAS to buy Argentine airline stake

By Gary Mead in Buenos Aires and Sara Webb in Stockholm

SCANDINAVIAN Airlines System (SAS) has agreed to pay $204m (£120m) for a 40 per cent shareholding in Aerolineas Argentinas, the Argentine state-owned airline, according to a statement from the Argentine Government.

The agreement, which has to be ratified by the Argentine Parliament, marks the end of almost seven months of see-saw negotiations between the two airlines.

Under the deal, SAS will pay half the purchase price immediately and the balance over 10 years. The Argentine treasury will shoulder part of Aerolineas' borrowings, which are estimated at more than $1bn.

The statement says the airlines will form e joint company in which the Argentine Government will bold a controlling 51 per cent with 9 per cent being made availahle to employees. SAS will not be able to sell or transfer its 40 per cent shareholding.

The new company will have a 12-man board: seven seats will be nominated hy the Argentine Government, SAS will have four seats and there is to be a single Aerolineas representative. The Argentine Government will eppoint both president and vice-president and seven votes will represent a quorum.

Although Argentina will own just 51 per cent of the new company, it is understood to be demanding almost 70 per cent of its profits. Last year Aerolineas made an operating profit of about $20m.

The deal also takes into account an agreement to construct a hotel in Buenos Aires and plans to modernise Argentine airport installations.

However, the agreement faces hostility from sections of the Argentine Parliament. Many of the more vociferous deputies and senators in the opposition Peronist party regard Aerolineas as a national symbol of independence and not simply an airline.

If SAS and Aerolineas are to make heavily-subsidised routes profitable, some rationalisation would seem inevitable. That could provide political mileage in the run-up to presidential elections in which the Peronists have begun to scent victory.

Mr Jan Carlzon, SAS chief executive, confirmed yesterday that SAS and Aerolineas had studied possible plans for co-operation and had reached a draft agreement.

SAS, 50 per cent owned by the governments of Sweden, Denmark and Norway, and 50 per cent privately owned, has emphasised thet it wants to concentrate on two key strategies to break away from the limitations of a small domestic customer base.

SAS was defeeted in its attempt to huy into British Caledonian last year. It has also held merger talks with Sabena, the Belgian airline. It hopes eventually to reach a co-operation agreement with a big European airline.

The second aim – which is where Aerolineas fits in – is to co-operate with local airlines on other continents. SAS already has an agreement with Thai International, providing link-ups in the Far East. The deal with Aerolineas would open np new rontes on the South American continent.

British Gas rules spark board battle

By Max Wilkinson, Resources Editor

BRITISH Gas has been forced to spend about £700,000 writing to all its 2.7m shareholders because of the nomination of a freelance engineer and novelist to its board.

The letter, sent yesterday by Mr Robert Evans, company chief executive, says that Mr Noel Falconer, of Hazel Grove, Cheshire, has been nominated with the avowed intention of representing the interests of smaller shareholders.

It emphasises British Gas's opposition to the nomination.

Mr Falconer, at present on holiday in France, has previously championed the rights of small shareholders as a moving force in the British Leyland Small Shareholders' Society.

Mr Evans's letter says: "The present board is composed of members with a breadth of experience in different walks of life." The directors' job is to "balance the interests of shareholders, cnstomers and the wider community" and to represent the interests of all shareholders whether large or small. An additional director with a particular interest to promote would be inappropriate on the British Gas board.

Shareholders are asked to vote at the company's annual meeting at the National Exhibition Centre near Birmingham on August 18.

British Gas is obliged under its articles of association to tell all shareholders the name of anybody whom a shareholder wants to nominate to the board.

Ministers included this provision to ensure a fair vote if any sbereholders wanted to unseat a director.

The board will ask shareholders next week to rescind this article on the grounds that it costs too much to implement. Last year, the cost of circulating shareholders was put at about £700,000.

Wickes bids £283m for Hunter

By Philip Coggan

WICKES, the DIY retailer, is making an agreed £283m bid for Hunter, the quoted timber merchanting group which is 73 per cent owned by Hillsdown Holdings, the foods conglomerate.

The cash-and-shares deal will substantially reduce Hillsdown's borrowings and give it a 20.1 per cent stake in the enlarged Wickes, which was the subject of a management huyont from its US parent, Wickes International, in 1987.

Mr Henry Sweetbaum, Wickes' chairman, said the deal would significantly accelerate the gronp's UK expansion.

"It will give the company a more prominent position in the supply chain and thereby contrihute to margin improvement," he added.

Hillsdown has owned Hunter since 1979. In the last three years it has expanded the group through the acquisition of timber merchants Mallinson Denny and May & Hassell.

Last year, Hunter's profits increased nearly tenfold to £14.6m and the shares were the best performing of any substantial stock market company.

Yesterday, Hunter continued its advance, announcing interim pre-tax profits of £11.7m, an 80 per cent increase over the first half last year. It is forecasting pre-tax profits of not less than £25m for the full year.

However, Mr Harry Solomon, Hillsdown's chairman, said the value of the group's investment in Hunter had not been truly reflected in the parent's share price.

The sale of its stake would reduce the group's borrowings by over £200m, while allowing it to benefit from the expansion of the combined group. Hillsdown's shares closed 8p higher at 285p.

Wickes does not want certain parts of the Hunter group and Hillsdown has agreed to buy back two of them for £22m – Abco Holdings, a property developer, and Formwood, a manufacturer of suspended ceilings. Other unwanted businesses are being sold to third parties, hut Hillsdown has guaranteed that Wickes will receive at least £30m from those sales.

The offer is 911 Wickes ordinary shares for every 1,000 in Hunter and £1,098.99 in cash. There is a partial cash alternative. On the basis of last night's closing Wickes price of 238p, down 27p, the offer values each Hunter share at 327p, compared with yesterday's close of 318p, up 95p.

Training white paper planned

By Charles Leadbeater and Ian Hamilton Fazey

THE GOVERNMENT is to press ahead with its overhaul of training provision with an autumn white paper aimed at improving the way companies train their employees.

The move follows an unpublished study by the Training Commission which reveals that although the private sector has been spending heavily on training employees, the spread is uneven. Companies facing international competition did most.

Mr Norman Fowler, Employment Secretary, will promise the white paper tomorrow in an edition of Jobwatch, Granada Television's Sunday lunchtime programme on jobs and careers.

The white paper could lead to the most far-reaching reform of the training system for employees since Industrial Training Boards were set up in the 1960s.

These established a national framework for training and had statutory powers to raise money from industry. Most of the boards went in 1981.

Mr Fowler began work on the review of employers' training in March after a week's study-tour in the US.

The white paper is likely to seek a national network of local employer bodies to co-ordinate training, modelled on US Private Industry Councils.

The bodies would probably receive some pump-priming funds from government hnt would be expected to be self-sufficient.

Mr Fowler is keen to promote greater local effort to match the needs of particular labour markets, rather than an inflexible national system.

The review has covered the future of the seven remaining statutory Industrial Training Boards and the 102 non-statutory training bodies.

This aspect of the review is thought to have been influenced by developments at the Engineering Industry Training Board.

This board shifted resources from collecting the training levy towards raising income by charging companies for advice on training needs.

Officials of the Training Commission believe this strategy, with moves to improve the performance of non-statutory training organisations, could pave the way for an industry-wide system of training.

Mr Fowler hopes the white paper will complete the foundations for a stronger training system.

Measnres to improve employee training will follow the establishment of the two-year Youth Training Scheme, for people under 18 years of age, and the launch of Employment Training, for unemployed adults, next month.

Strikers at VSEL to vote on offer

By Michael Smith, in Barrow-in-Furness

WORKERS at VSEL, the submarine builder whose main yard at Barrow-in-Furness, Cumbria, has been strike-bound for nine weeks, are to vote on a new offer which is being strongly recommended by the Shipbuilding Negotiating Committee, part of the Confederation of Shipbuilding and Engineering Unions.

The committee intends to organise a ballot on the offer, even thongh the Barrow branch of the CSEU last week rejected the company's request for a ballot. The branch has been urged by the committee to back the revised package.

The company believes a ballot will considerably improve the chances of an end to the strike, which is over the introduction of fixed summer holidays.

The stoppage has already cost more working days than any other dispnte in Britain this year. It has coincided with a big battle between VSEL and the Cherbourg naval dockyard in France for a C$8bn (£3.9bn) nnclear snbmarine deal with Canada.

The unions have claimed that the company's last offer was rejected by a five to one majority at a mass meeting. VSEL says that the number against acceptance has been exaggerated.

CSEU officials at Barrow were unavailable for comment yesterday, but it is understood they consider the improvements to be slight.

No details of the new package were being revealed. It is believed, however, that VSEL has agreed to raise the £200 being offered as part of its compensation for the gradnal introduction of fixed summer holidays. Payments offered to apprentices who were laid off after the strike began would also be raised.

Mr Alex Ferry, committee general secretary, said he believed the negotiations had obtained the "absolnte limit of concessions" from the company. It would be inexcusable to allow members to continue the strike without a ballot.

Mr Ferry said that immediately after the negotiations with the company broke up yesterday morning, the Barrow CSEU negotiators had said they could not recommend acceptance. "We asked them to reassess their position," he said.

"We want them to be a party to the ballot and to help us arrange it. In order to do that, they would have to recommend acceptance." However, there may be local opposition to a hallot organised hy the national CSEU.

With more than 12,000 of VSEL's workforce on strike, over 550,000 days have been lost so far.

THE LEX COLUMN

Mecca sticks with the same hand

Mecca's Michael Guthrie said it himself: bidding for a company three times Mecca's size was "cheeky", and for a week the City was left to debate at its leisure whether that meant audacious or foolhardy. Yesterday's news that Mecca is still keen to hid for Pleasurama must tip the balance towards the latter. The target company, after all, is about to become a quarter larger again – and an unwelcome quarter at that, given all the negative things Mecca has said about Hard Rock. More than tripling your size with paper is asking a lot, but quadrupling it begins to strain credulity.

Having put it to yesterday's EGM that Hard Rock should not be bought, Mecca may find it tricky to explain why it should make the purchase itself. If the aim is to dump Hard Rock once Pleasurama has been acquired, those institutions which only yesterday decided to snpport a rights issue to buy it may find the reasoning difficult to follow. The short term logic of the situation will presumably not escape them, though: rights taken up at 175p a share would suddenly be worth 40 per cent more if the bid went through – to say nothing of the cheapness of the new Pleasurama convertible preference shares.

To judge by the exuberance of the Pleasurama share price yesterday, the market thinks this sort of calculation will not turn out to be purely academic; but yesterday's show of institutional support for Pleasurama must decrease the chances that Mecca will win the company for £750m of paper. And although Pleasurama has had alternative expressions of interest, to buy the company on a reasonable multiple of 15 times next year's earnings would cost £900m – the size of acquisition which others besides Mecca might find offputting.

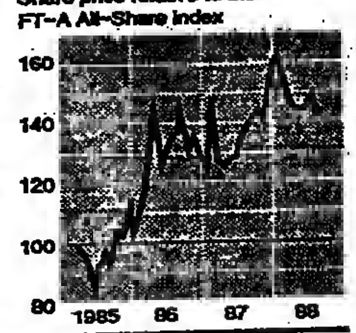
When a timber merchant is bought close to the top of the cycle at a 58 per cent premium to the market price, one might assume the seller got the better end of the deal. However, there was more to the 8p rise in Hillsdown's share price and the 27p fall in Wickes' shares yesterday than that; indeed, the transfer of Hunter from one company to the other seems to justify a re-rating of both.

For Hillsdown, the reasoning is clear. The sale takes care of the market's two main gripes about the company; it should help reduce gearing from over 90 per cent last year to about 50 per cent, and will satisfy investors' desire to see Hillsdown as more of a food manufacturer and less of a conglomerate. But for Wickes, the assessment is more difficult. The deal considerably worsens the quality of its earnings and almost strips its balance sheet of net asset value. *Still*, taking into account only the parts of Hunter it is retaining, the p/e is a more acceptable 10; and given the high rating of Wickes' own paper, earnings should be increased by 20 per cent or more.

FT index rose 7.2 to 1,484.8

Hillsdown

Share price relative to the FT-A All-Share index



Perhaps more important, Hunter gives Wickes an extra 180 ontlets to which it can apply its not inconsiderahle skill as a retailer, while Hunter can be used to process many of Wickes' products. Hillsdown apparently accepts this reasoning, to jndge from its willingness to take a major stake in Wickes, and the market may also come round when it has digested the new chunk of equity. Wickes cannot hope to regain its multiple of nearly 20, as the shares will no longer have a rarity value. But that, after all, is the price of expansion.

Drug stocks

Yesterday's falls in the price of Beecham in the UK and Genentech in the US are further striking evidence of the chancy nature of drug stock investment. The two companies are locked in competition with wildly expensive new treatments for heart attacks; now comes an article in The Lancet, claiming that the cheap traditional treatment is just as effective when combined with household aspirin.

Genentech has suffered much the worse of the two, with a fall of some 10 per cent in two days. This is a company whose market value eighteen months ago was around $5bn (it is now a third of that), despite never having paid a dividend and only recently moving into profit. It has a wide and impressive base in biotechnology, but by far its most important commercial property is TPA, its heart attack treatment, which costs $2,200 a shot. Streptokinase, the traditional treatment, now seems to do the same job at around $100 – plus, of course, the cost of the aspirin.

Beecham's more modest 7p fall seems reasonable. Its heart drug, Eminase, looks similarly vulnerable at a cost of $1,000 or so, but is only one of a number of new products coming through Beecham's research and development pipeline. And since Eminase is really no more than a sophisticated mechanism for delivering streptokinase to the site of the blood clot, there is at least a fighting chance that it, too, will tnrn out more effective when combined with aspirin.

For the investor, perhaps the oddest part of the affair is that the findings of the Lancet article were published and widely discussed at a cardiology conference at Atlanta several months ago. But as was discovered in the stampede for AIDS stocks early last year, the trick with drug stocks is guessing when the market will decide to act on what it knows already.

Markets

On reflection, it turned out a surprisingly quiet week for equities. The initial worry was that the interest rate rises in the UK and US were part of a co-ordinated scheme; but although a Japanese rise next week – and a German one later in the month – are still perfectly possible, the focus of interest has already switched to next Tuesday's US trade figures. Meanwhile, London can take comfort in the thought that while the Dow fell some 80 points on the week, the FT-SE was off only 33 points; and Tokyo, after that nasty 600-point fall early in the week, has been reassuringly steady since.

Domestically, London has a clutch of economic statistics to fix its attention next week, from retail sales to the money supply and the PSBR. The details will be scrutinised for clues about the next base rate move; but after all, the Bank of England seemed to go out of its way this week to stress that its present intention is to wait and see. On recent showing, that should mean another surprise move any day now; but it does not do to be too cynical.

LONDON (Pence)

Rises			
Allied-Lyons	423	+	5
Berisford	400	+	18
Brit. Aero.	499	+	7
Brixton Est.	337	+	8
Cable & Wire.	388	+	5
Foster (J.)	163	+	7
Goldberg (A.)	225	+	7
Hillsdown	285	+	8
Hunter	318	+	95
Laing Props.	553	+	13
Lex Service	401	+	7
Meyer Intl.	415	+	14
PWS	153	+	8
Pleasurama	275	+	18
Rothmans B	434	+	15
Scot. & Newc.	357½	+	16½
T'house Forte	258	+	8
WPP	819	+	14
Falls			
Beecham	480	–	7
Blue Arrow	88	–	3
Mersey Dk Uts	381	–	13
Wellcome	508	–	7
Willis Faber	248	–	8

Chief price changes yesterday

FRANKFURT (Dm)

Rises			
Bayer Ver.	336	+	10
Bayer Hypo.	333	+	7
Volkswagen	249	+	3.8
Mannesman	175.3	+	2.3
Falls			
Henkel	461	-	4
Nixdorf	434.5	-	3.5

PARIS (Ffrs)

Rises			
Lesieur	2060	+	80
Casino	155	+	4
Soc.Generale	368.9	+	8.9
Falls			
Synthelabo	356	-	22
Screg	551	-	20
ESO	419	-	11

NEW YORK ($) at 12.30

Rises			
Best Buy	11	+	1⅜
Stoogo	8	+	1
Kavistar	5¾	+	⅛
Falls			
Genentech	20¾	-	¾
Nat.Semicon.	9¾	-	½
Texas Air	15¼	-	⅜

TOKYO (Yen)

Rises			
Matsuya	1910	+	300
Namco	2400	+	250
Tokyo Sangyo	580	+	50
Falls			
Fujiko	911	-	79
Daido Con	770	-	45
Nissan Motor	1130	-	60

WORLDWIDE WEATHER

		Y'day midday °C	°F
Ajaccio	S	30	86
Algiers	S	29	84
Amsterdam	C	21	70
Athens	S	35	95
Bahrain	S	35	95
Barcelona	S	29	84
Belfast	C	15	59
Belgrade	S	34	93
Berlin	F	25	77
Biarritz	C	22	72
Birmingham	F	18	64
Blackpool	C	15	59
Bombay	F	29	84
Bordeaux	C	23	73
Boulogne	C	18	64
Bristol	C	16	61
Brussels	F	23	73
Buenos Aires		–	–
Budapest	S	33	91
Cairo	S	33	91
Cape Town	S	19	66
Cardiff	C	17	63
Chicago †	F	24	75
Cologne	F	26	79
Copenhagen	F	19	66
Corfu	S	33	91
Dallas †	C	26	79
Dublin	F	17	63
Dubrovnik	S	29	84
Edinburgh	C	15	59
Faro	S	25	77
Florence	S	32	90
Frankfurt	S	26	79
Geneva	T	27	81
Gibraltar	S	27	81
Glasgow	C	15	59
Guernsey	C	17	63
Helsinki	F	19	66
Hong Kong	C	27	81
Innsbruck	C	24	75
Inverness	C	15	59
Isle of Man	C	15	59
Istanbul	S	31	88
Jersey	C	18	64
Johannesburg	S	18	64
Las Palmas	F	24	75
Leeds	R	15	59
Lisbon	S	23	73
Locarno	F	26	79
London	F	20	68
Los Angeles †	C	18	64
Luxembourg	F	23	73
Madeira	F	25	77
Madrid	S	31	88
Majorca	S	32	90
Malaga	S	27	81
Malta	S	33	91
Manchester	C	14	57
Melbourne	S	15	59
Mexico City		–	–
Miami †	S	26	79
Milan	S	29	84
Montreal		–	–
Moscow	C	18	64
Munich	S	29	84
Nairobi	C	20	68
Naples	S	33	91
Nassau		–	–
Newcastle	F	18	64
New Delhi	F	29	84
New York †	S	28	82
Nice	S	27	81
Nicosia	S	33	91
Oporto	S	23	73
Oslo	C	20	68
Paris	F	25	77
Peking	C	28	82
Perth	F	17	63
Prague	F	28	82
Reykjavik	S	13	55
Rhodes	S	31	88
Rio de Janeiro		–	–
Rome	S	28	82
Salzburg	S	28	82
S'Francisco †	Dr	14	57
Santiago		–	–
Seoul	C	32	90
Singapore	R	29	84
Stockholm	F	19	66
Strasbourg	F	25	77
Sydney	R	13	55
Tangier	F	25	77
Tel Aviv	F	29	84
Tenerife	S	26	79
Tokyo	R	23	73
Toronto		–	–
Tunis	S	37	99
Valencia	S	29	84
Venice	C	29	84
Vienna	S	28	82
Warsaw	S	25	77
Washington		–	–
Wellington	R	7	45
Zurich	F	24	75

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

County

Continued from Page 1

its agency broking, sales and corporate finance departments.

One yonng woman employee, described by Mr Kean as a stockbroking analyst, was informed of the deal and passed on the information to Mr Kean on her initiative. At about the same time another CNW analyst, who was out of London and hed received a message about the deal from a colleague in CNW's head office, telephoned and spoke to Mr Kean. He too, according to *Mr Kean, told him* of the details of the announcement, which was made less than half an hour later.

Mr John Chiene, chairman and chief executive of CNW, said yesterday that Mr Kean end Mr Floyd were both informed "that they were not in a position to deal" and both knew they were in receipt of "privileged" information.

Mr Barry Gold, of Gold Mann and Co, the solicitors acting for Mr Kean, suggested that Mr Kean had not been given clear instructions not to deal and that the information should not have been passed to him in the first place. He said that Mr Kean had not breached his contract and had not ignored any instruction.

"When we have the opportunity of hearing the tapes that were made of all calls and conversations on this matter, the full facts will then hecome clear," he said.

CNW said it had listened to the tapes before dismissing the men bnt its investigations were continuing. It has cancelled the deals the men made.

The writ against CNW claims damages for loss of earnings and consequential losses such as damage to reputation.

Soviet

Continued from Page 1

stand in line and be humiliated."

Dr Ivanovna's call for liberalisation goes further than party leaders, and her economist colleagues, have yet gone publicly. In particular, Mr Mikhail Gorbachev, the Soviet leader, called in a speech to the central committee praesidium last month for a much wider use of leasing hy co-operatives and family owned farms - a call which Dr Ivanovna implicitly criticises as being too timid.

"Far too few people have entered this new sphere of market relations. The absolute majority of people continue to be paid by the state in sums thought up in some office or other at fixed labour rates. I don't share the optimism of those who believe that results will come gradually through the development of the co-operative movement, lease brigades and other new forms of infinencing our economy, though I'm not against them as such."

The black economy enlists the employment of an army of clerks and bureaucrats, who hold an official job but work unofficially most of the time.

Punishing these people is not, she says, the way to deal with the problem.

"The shadow economy is the result of the severe shortage of goods on the market, the gap between e huge demand and limited state supply as well as the direct result of command methods of leadership, imperfections in our economic mechanisms and low labour productivity."

It would be better, she says, to turn the black marketeers into entrepreneurs – some have already hecome so, through the medium of co-operatives – than use police action against them.

Dollar

Continued from Page 1

Bank's comments about inflation with ease.

Share prices ended higher, reversing falls on Thursday. In the gilt-edged securities market, prices for long-dated Government bonds improved towards the end of the week, erasing earlier losses.

On Wall Street, however, the bond market continued to be unsettled by the trend of rising official interest rates and official figures showing an unwelcome increase in underlying factory gate prices.

Yesterday, US financial markets were unhappy that the 0.5 per cent rise in July's producer price index, at the top end of Wall Street estimates, looked markedly worse if food and fuel prices were excluded. It implied that US consumer price inflation could rise at an annual rate of more than 6 per cent in the near future.

Fear of higher inflation knocked almost a point off long bond prices, pushing the yield on the Treasury's 30-year bond up to 9.45 per cent, its highest level for seven months, and triggering a further downturn in equity prices. Bonds and stocks later recovered partially.

In London the dollar closed at DM1.88 compared with DM 1.90 on Thursday and at Y133.10 against Y133.85

Sterling closed at $1.7150 compared with $1.7015 on Thursday and at DM3.2250 (DM3.2325). The Bank of England's trade-weighted sterling index was unchanged at 76.9.

Weekend FT

Section II — Weekend August 13/August 14 1988

Coming out in the Eighties

Christian Tyler wonders what it takes to delight a debutante

ALICE WAS just 17 and had not yet taken her A levels when a letter came out of the blue from Peter Townend, the social editor of Tatler. I realise, he wrote, that one mustn't use the words "coming out" these days. But would Alice be around next year?

Alice thought she would indeed like to be around. And since she had already passed her entrance exam to Christ Church, Oxford (where she will read philosophy and French), her parents agreed to let her.

So Alice, an intelligent, modest and pretty girl from a Good but not particularly grand family, is "around" this year. She belongs to the select club of 172 debutantes who are doing the season – whatever that means in 1988.

Her first big engagement was the Berkeley Dress Show, at the Savoy Hotel in April. Alice was one of 20 girls picked to model day dresses by Joseph and evening gowns by Rose Coutts-Smith.

In May she went to her first formal dance. Her parents took a party to the Rose Ball, a charity do at the Grosvenor House that used to be for young married couples but today serves also as a collective coming-out dance.

"This year's Rose Ball-goers," squeaked the Tatler, "underwent the tiresome experience of being filmed by no fewer than three separate television crews as interest in the The Season and its components spread further into the ranks of the general public." Is the season really making a comeback, as Tatler suggests?

By tradition the public calendar opens with the preview of the Royal Academy Summer Exhibition. It rolls through the Chelsea Flower Show, the Rose Ball, the Caledonian Ball, horseracing at Royal Ascot, tennis at Wimbledon, opera at Glyndebourne, rowing at Henley and sailing at Cowes.

It is punctuated by those other equestrian events at which the Royal Family may be seen out and about in Range Rovers or falling off horses. In August it drifts north to the summer drizzle of Scotland, culminating in the Northern Meeting (not a convocation of Presbyterian ministers, but a grand ball for Anglo-Scottish clansfolk). It ends before Christmas with a round of private dances in the South.

The events of the English summer season used to be a harmless pretext for dressing up and being seen. Today they are just as much an excuse for big business to erect marquees and pour gallons of champagne down the throats of sweating clients. Therefore old hands say the season is not what it was.

"Each time they happen, these events become less smart," according to Nicholas Coleridge, editor of Harpers and Queen. The Henley Regatta he likens to a trip to the zoo. Ascot's royal enclosure has become so crowded that the admission rules are to be tightened next year, said the Lord Chamberlain's Ascot Office.

Nor is the deb season quite what it was. For one thing, it is no more the principal means by which titled families marry their children off in order to maintain or enlarge their estates. The average age of the debutantes' escorts has dropped to around 22, and most of the young men are on the brink of a career. The professional Debs' Delight, rich, thirty-ish, unemployed and always available for a free drink, seems to have melted away.

Nor does the modern season confer automatic entry to the privileged circle that dances round the maypole of royalty, as one professional Palace-watcher put it. The monarch stopped receiving debutantes at court 30 years ago, and Queen Charlotte's Ball is defunct (though there are rumours of a revival next year).

In the Swinging Sixties upper-class ostentation went out of style and "coming out" signified something else. By the Seventies, the rich were getting nervous as Denis Healey promised to squeeze the rich "till the pips squeaked." The society magazines and The Times stopped publishing lists of private parties because people were afraid of burglars and the tax inspector. Standards of dress and decorum plummeted. Betty Kenward, the Jennifer of Jennifer's Diary, decided the deb season was finished and abandoned her role of Society referee.

But Peter Townend, a refugee from the deb circuit of the early Sixties ("My best year was '63") and editor of the last Burke's Peerage in 1970, picked up the baton and pressed on. "The deb season is kept alive entirely by Peter Townend," said Coleridge. "If he didn't exist, it wouldn't exist."

With his narrowed eyes, falling forelock and Chelseafied vowels, not even his best friends would describe Townend as a Prince Charming. Betty Kenward refuses to talk to him. But the experts speak reverently of his encylopaedic knowledge of Britain's upper-crust families. Nigel Dempster, gossip columnist of the Daily Mail, said: "Toady Townend carries it all in his head. The only way he can get invited to parties is by having control of the list. So he has become the absolute pivot of the whole thing. If you want to spend £40,000 or £50,000 on a big bash, then Toady's your man."

Before Christmas, Townend draws up the list of what he calls "the right sort of people" from personal knowledge, word of mouth recommendation and a skim through Debrett's. It includes a core of top-drawer names that others claim is just bait for the rest.

As in the old days, the deb season is planned at mothers' lunches, held in hotels, clubs or private houses in London. For the most part strangers to one another, the mothers find these necessary meetings a bit trying to begin with. Addresses are swapped and diaries synchronised to avoid an expensive clash of party dates. Townend helps fill out the mothers' invitation lists with names of suitable young men.

Alice's mother, Sarah Hohler, is a former deb herself who went to Oxford, was president of the Ladies Boat Club and won a Blue. She said she quite enjoyed the lunches. "Actually, they are all terribly nice people," she said. "We talk about films and books and our daughters. I've met people that I hadn't met for over 20 years, people I was at school with. It's true some mothers take it very seriously, and ring each other up every day." The hyperactive mothers, she thinks, are still at heart worried about getting their daughters into the right set and marrying the right young man.

But it is not what it was in mother's day. Lady Elizabeth Anson was a deb in 1959 and started her enterprise, Party Planners, a year later. "There aren't so many parties as when I came out," she said. "Then, there was one every night, if not two or three, and desperate hostesses arranged buses to take you from one to the other. It was a moving throng of debutantes."

If today's parties are less lavish, they are often more elaborate. They may have themes, such as "Cairo in the Twenties." Formerly, said Lady Elizabeth, one party was much like another. "By the end of the season it was very difficult to remember who had given which."

There are more cocktail parties and fewer dances. "In my day," Sarah said, "Mummy took a flat in London. We used to go to the hairdresser at least once a week and we dyed carnations different colours to match our dresses." The men are younger than Debs' Delights used to be. They are still mostly old Etonians and old Harrovians, according to Alice, but they won't go out every night because they have jobs in the City.

The deb season may no longer be the upper classes' marriage market, but Dempster still describes it as "a very superior dating agency". Alice's mother said there were no obvious catches on the boys' list this year. "I think 18-year-old girls are not really out to get husbands. It's very unusual for girls to get engaged during the season now." Alice confirmed her mother's observation. "Girls want a career and want to meet nice people."

Men who misbehaved in the heyday of the post-war season were labelled Not Safe In Taxis. Today the penalty for going out of bounds is to be dropped from the list in mid-season. But standards of behaviour on the deb circuit itself are everywhere reported to be quite high. It is at the sub-deb, public school teenage, level that the heavy petting and reckless drinking seems to occur.

The debs and their escorts smoke a lot, but seem to be as decorous in their behaviour and as formal in their dress as during the Fifties. On the other hand, said Lady Elizabeth, the young are more lackadaisical about answering invitations than they used to be, and when asked to a dance in the country will arrive with their evening clothes casually stuffed into a holdall.

You don't have to be spectacularly rich or aristocratic to bring your daughter out. Alice's father, Fred, started his career in the Foreign Office and is now the London-based chief executive for Europe of an American firm of financial headhunters. Sarah looks after the 400-acres of arable and pheasant shoot on their farm in Kent. They also have a house in Scotland.

Alice and her mother insist that although the deb list includes "all the obvious girls of 18 with titles" they do not stand out. There are a few girls from families that are usually described as "a bit nouveau," whose mothers have gone over the top in kitting out their daughters for the season.

Being seen is still clearly part of the exercise, but the newspapers are more interested in the Henley Hemline and the Ascot Hat, while the Times of Wapping scarcely notices the season.

There is still a certain amount of snobbery, according to Dempster; but he thinks the social monopoly was broken when Henrietta Tiarks, the daughter of a man who was merely very rich, became deb of the year and married the Marquess of Tavistock. Peter Townend says this year's crop of debs is egalitarian in its hospitality. In some previous years, however, the grander debs have been known to close their doors to less-privileged sisters.

As for expense, Sarah paid only £200 in the Christmas sales for three dresses for Alice. "We haven't got that much money," she said. "I was a bit worried that we couldn't afford the smart flat in London. But really you spend as much or as little as you want to. I don't think it would cost us any more than if Alice wasn't doing the season."

"The last really grand party was two years ago," Dempster confirmed. "Prince Rupert Loewenstein (financial adviser to the Rolling Stones) gave one at Osterley for his daughter Princess Dora. That cost £300,000 at least – *at least*. Robert Sangster gave one on the Isle of Man for about £500,000. This year the only one I can think of was Rupert Heseltine's big deb dance in Oxfordshire. That was about £30,000."

If you are not a social climber, if you are not hoping to hobnob with the royals, or trying to marry your daughter off, or trying to make a splash, then why do the season at all? The answer seems to be, in order to give your daughter a bit of poise and help her make good friends for later on. Sarah Hohler said: "Actually, Alice is rather a shy child and it's done a lot for her. She's thoroughly enjoyed meeting the other girls and met lots of people who are going up to Oxford.

"Some of my friends say, 'is Alice really a deb?' I say 'Yes. She's doing it properly. And enjoying it, too.'"

The Long View

When the possible is not enough

IT'S IMPOSSIBLE, out of the question, no-can-do. A curious aspect of the recent international economic scene has been the extent to which so many policy options appear to have been ruled out by one government or another. Flexibility has been at a premium.

The UK Government has been one of the worst offenders. Fiscal policy has been engraved in stone from one March Budget to the next, and variation of interest rates is the only policy instrument available.

The US has for many months been locked into its pre-election phase of policy inertia. Action on trimming back the budget deficit is not even being debated ahead of the poll, let alone implemented. And traditionally the Federal Reserve follows a very neutral line at this delicate stage of the political cycle for fear of embarrassing the incumbent party.

As for the Germans, well, their obsession with avoiding inflation – now threatening to climb measurably above 1 per cent – and their inability to deregulate an increasingly straightjacketed economy have locked them into a chronic trade surplus and the unaccustomed position of slowcoach of Europe.

Only the Japanese, strangely enough, appear at all willing to be flexible. They will do almost anything – but very, very slowly.

That is how it has seemed. But this week brought the first sign that the boundaries of the possible are expanding. The US Federal Reserve Board has moved decisively to tighten monetary policy, whatever the impact on George Bush's presidential campaign.

Not that a half-point rise in short rates might seem all that dramatic. After all, Nigel Lawson's similar move in the UK attracted little more response than a raised eyebrow or two from bored dealers grateful for something to talk about on a Monday morning in August. How different a half-point interest rate hike seems in the US, sending Wall Street tumbling and prompting a 2 per cent slump in Japanese equity prices on Wednesday.

As for the impact on equities in London, a curious correlation has developed this week. A half-point rise in sterling rates apparently leads to a rise of 0.1 of a point in the Footsie index. The same rise in dollar rates leads to a 22-point dive. Which only goes to show that Nigel Lawson has cried "wolf" a lot more often than Alan Greenspan.

But in a sense the Americans are in much the same sort of fix as the British. In the absence of action on the US budget deficit, monetary policy has to take the strain. And the buoyancy of the US economy has been so impressive in recent months that a rise in interest rates is not really a political embarrassment and can be presented as a problem of success.

This week the US Federal Reserve disturbed the calm of the markets by flouting pre-election traditions. The unexpected could happen elsewhere, too

In any case, the move is unlikely to take the key Federal Funds rate much above 8 per cent. In London the three-month interbank rate is now around 11¼ per cent, and there is talk that the impact of the US move, and of the similar recent rates rise in Germany, will lead to a further upwards ratcheting.

We may find out more after next week's presumably dreadful money supply figures which will show the impact of the summer peak of the mortgage lending boom. That lending surge was intensified by the absurd reduction in interest rates which took place during the spring and early summer.

Higher rates may now be biting, but it will take several months before the Government can get a feel for what is happening after the summer holidays, and for how the autumn wage round is developing. In the meantime it must seek to hold sterling steady: to let the exchange rate drift in the face of what is bound to be an awkward, if temporary, acceleration of inflation would be to give all the wrong signals.

If the markets cease to believe that the Government will pay whatever price is necessary to beat inflation then the game will very quickly be lost. At least the gilt-edged market has absorbed the recent worrying economic developments without losing its poise. Long-term interest rates have been extraordinarily steady, a sign that inflation is seen only as a temporary problem.

So having pushed interest rates up for domestic reasons, the Government must match what is a now a general response to rapid economic growth and consequent inflationary pressures around the world, and further push up rates for external reasons.

There could be other solutions. Selective credit curbs would allow the problem of excessive credit growth to be attacked at its roots. But they would be hard to impose consistently in an open economy where money can freely flow from abroad. Fiscal tightening would cool down the economy without pushing sterling up any further. But the Government can argue that it is already running a £6bn or £7bn fiscal surplus. Moreover it would be highly embarrassing to raise taxes so soon after cutting higher rates dramatically by taking advantage of a once-in-a-Parliament opportunity.

What happens, however, if the interest rate weapon proves not to be enough? The impact of high rates is in any case arbitrary. They do not, in general, damage industry which happens at present to be flush with cash. They are scarcely noticed by the average High Street consumer who is anyway paying an APR of 30 per cent. The pain is felt by a narrow group of mostly young adults who have borrowed heavily to become established in the housing market. There would surely be a political outcry if the national burden of adjustment were loaded in a discriminatory way onto them.

Perhaps 11 or 12 per cent will be enough to prick the current inflationary bubble. If not, we can expect some old-fashioned measures to reappear within a few months.

CONTENTS

UK MARKETS

LONDON

Economic worries look set to persist

RHM's Stanley Metcalfe

AUGUST SHOULD be a month of tranquillity in the stock markets, with fund managers sunning themselves in the Bahamas or, at worst, kicking their heels in Gatwick airport. Deputies can safely be left in charge with strict instructions not to do anything too substantial to their portfolios.

But this week must have sent quite a few deputies scurrying to their phones in the hope of instructions from the Hotel Calypso. The FT-SE 100 index, which had been fluctuating in the 1,840-1,880 range since early June, dropped through 1,840 and even below 1,830. *Only Friday's* minor rally restored the index to its summer trading range.

Once again, the culprit was interest rates and the prospect of a world-wide increase in the cost of borrowing, aimed at combatting rising inflation. On Monday, UK base rates were increased by half a percentage point to 11 per cent; the following day, the US discount rate also went up half a point to 6.5 per cent.

The first was greeted with equanimity – after all, it was the seventh UK interest rate rise in *10* weeks. *But* the second depressed equity markets across the world for much of the rest of the week.

The rise in the discount rate, followed by an increase in the prime rate on Thursday, came as a nasty shock because few were expecting *few substantial* changes in US economic policy ahead of the Republican convention this month and the presidential election in November. Although the increase could be regarded as merely catching up with the market, many feel that now the Federal Reserve Bank has shown its willingness to raise rates, further hikes are quite possible; and an increase in the German discount rate also is expected.

The Bank of England, in its *Quarterly Report on Thursday*, reaffirmed its belief that high interest rates were needed to curb inflation. The report *indicated* that 11 per cent was a high enough level at the moment, since it was too early to assess the impact on *consumer demand* of the recent increases.

However, events may force the Bank's and the Chancellor's hands. More economic statistics are due out next week, including what could be depressing figures on both the money supply and inflation. And equities could well be sand-bagged by a bad set of US trade figures on Tuesday.

With the dollar weakening this week despite the discount rate increase, and with sterling *trading over DM3.2O, it cannot* be long before the markets start worrying once more about the potential impact of a strong pound on corporate earnings. One share to suffer this week was Blue Arrow, the employment group, which has suhstantial dollar earnings. Phillips & Drew marked down its profits forecast from £100m to £80m; Blue Arrow's shares are now trading at around half the 166p at which its £837m rights issue was pitched last year.

Smith & Nephew, the medical and health care group, is also feeling the effects of currency movements. Its 6 per cent interim sales increase was nine percentage points lower than it would have been had exchange rates remained constant. Although profits *advanced 13 per cent* to *£54.5m*, that was still below the company's traditional 20 per cent growth rate.

Other results announced this week were of little help in assessing the strength of the economy. Pearson, the diversified *group which owns the Financial Times*, was ahead of expectations with interim profits of £81.7m, thanks partly to property sales.

But there were mixed reactions to the interim figures from the oil groups BP and Royal Dutch/Shell. Although the figures were broadly similar at the replacement cost level (up 25 per cent and 27 per cent to £1.56bn and £731m respectively), the market was disappointed with Shell and mildly pleased with BP. Shell's shares dropped 34p on the day of announcement but BP's fully-paid rose 3.5p.

All in all, it was a good week for BP since the Kuwait Investment Office pledged not to increase its 21.7 per cent stake and not to exercise its voting rights of more than 14.9 per cent.

The City has had plenty of other news to mull over this week, including the latest scandal – the *sacking* of *two* County *NatWest staff for* alleged "insider dealing." That incident arose from one of this week's major corporate news stories – Grand Metropolitan's plans to sell its Inter-Continental Hotels Group for a minimim of £1.5bn.

County acts as an advisor to Grand Met and learnt of the planned sale in advance. Through what the hank describes as a "breach of *internal procedures*," its *market*-makers bought shares just 20 minutes before the news was announced. The incident was a major embarrassment to the group, which is striving to rebuild morale after a management shake-out earlier this year.

On the bid front, foods group Ranks Hovis McDougall produced its defence document, forecasting pre-tax profits of at least £156m for the year to September 3. The forecast, which was well ahead of most analysts' estimates, was seen as giving chief executive Stanley Metcalfe plenty of ammunition for RHM's attempts to stave off the £1.7bn bid from the Australasian Goodman Fielder Wattie.

Meanwhile, BAT Industries increased its *bid* for the US insurance group Farmers to around £3bn, hut made the higher offer dependent on a recommendation from the Farmers' board. Farmers has until next Friday to decide; then, the higher offer ($72 a share) will expire and the *terms will drop back* to $63.

There are unlikely to be any problems in the way of Wickes' £303m bid for Hunter, the timber products group. Hillsdown *Holdings, the* acquisitive food company which owned 73 per cent of Hunter's equity, has agreed to accept the offer.

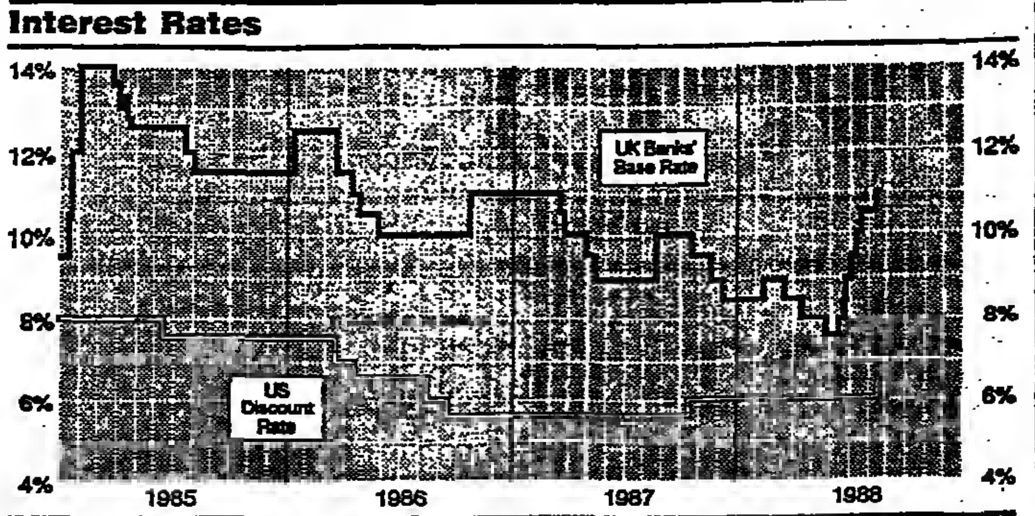
One bid that *does* not now look likely to happen is the long-awaited Cable & Wireless offer for Racal, now that C&W *has sold the 2.8 per cent stake* it acquired earlier this year.

Racal's plans to float off its telecommunications suhsidiary, including Vodafone, the mobile telephone group, seem to have been successful in ensuring its independence. *What form the Vodafone float* will take has yet to be decided, although by the end of the week it seemed increasing likely that the institutions would back the management, rather than Millicom's *demerger plans*.

There have been some pretty fancy valuations placed on Racal's telecommunications *interests*; it will be *ironic* if, having seen off Cable & Wireless and the Millicom alternative plan, the Vodafone float is undermined by a bleak autumn *stock market*.

Philip Coggan

Interest Rates



COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in in pence unless otherwise indicated				
Aransont‡	185*	181	185	23.6	Scandinavian Hlg
Atlantic C'puters	525§§	497	365†	419.8	Brit. & Comm.
Babygro	41	41	65†	4.31	Robt. H. Lowe
Beatson,Clark	379§	370	288	26.14	TT Group
CASE	129	126	93	82.38	Dowty
Camotech	128	123	102†	8.96	[illegible]
CoxMoore	130	131	90	29.15	Oakwood
Dwek Group	150*	149	131†	33.5	Hillsdown
Ealing Electro	106	111	95	11.35	BM Group
Ellis & Goldstein	147	145	136	42.66	Alexon
Falcon Inds.	105††	103	80	42.92	Davis Godfrey
Gaynor Group	120*	139	120	6.2	Sovereign Inv.
Hard Rock Intl.	132*	126	118	45.85	Pleasurama
Hard Rock A	100*	93	89	14.07	Pleasurama
Harris Q'way‡	190§§	189	178	446.8	Lowndes
Hoskyns	410*	400	295	164.4	Plessey
Hunter	331	317	223	286.09	Wickes
IntraRed Assoc.	70*	71	58†	4.85	Cambridge Elec.
Irish Distillers	Ir315*	Ir346	Ir275	Ir198.07	GC & C Brands
Lodge Care	151*§	150	151	11.4	Consortium
Martin (R) Groome	272§§	255	233†	28.95	Waverley Cameron
Moorgate Group	105	107	116†	8.70	Kelson
Newage Trans.	155*	152	123	18.17	Williams Hldgs.
Peachey Prop.	812*§	622	605	265.0	Wereldhave
Pleasurama	251	249	226	459.8	Mecca Leisure
Pleasurama 7% Cnv	233	228	202	136.8	Mecca Leisure
RHM	495*§	450	468	1.72bn.	Goodman Fielder
Ruberoid	256§§§	265	222	128.3	Raine Inds.
Runciman (W.)	347§	331	331	30.45	Tolias Hldgs.
Theme Holdings‡	67§§	67	70	16.07	Leisure Invt.
Trent Hldgs.	188§§	188	182	12.93	Whitecroft
Wolstenholme Rink	432	489	345	27.08	Cookson

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 12/8/88. †At suspension. §§Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
BCE Holdings	March	534	(1,110)	-	(-)	1.0	(0.6)
Beales John	May	2,060	(1,510)	26.7	(22.0)	6.3	(5.5)
Charterhall	June*	12,400	(5,700 L)	4.97	(-)	-	(-)
Compco Holdings	March	804	(584)	22.7	(18.0)	9.0	(7.6)
Cray Electronics	April	13,100	(10,564)	10.3	(6.7)	2.5	(1.9)
Douglas Robert M	March	6,000	(4,444)	27.1	(18.3)	4.2	(2.9)
Flogas	May	3,260	(3,533)	17.9	(19.6)	5.9	(5.3)
Herrburger Brks	May	64	(161)	3.8	(8.6)	-	(-)
Howard Holdings	April	2,340	(1,890)	8.0	(4.4)	1.3	(1.0)
Jackson William	April	4,460	(3,060)	125	(82.5)	-	(-)
Marler Estates	March	2,690	(504)	-	(-)	0.6	(0.4)
McKay Securities	March	2,960	(2,440)	9.6	(8.3)	4.8	(4.2)
Molinare Visions	May‡	160	(3,200 L)	0.7	(-)	-	(1.2)
Mosaic Invest	April	876	(485)	13.4	(7.7)	3.0	(3.0)
Nordic Invest	May	4 L	(57)	-	(0.2)	0.2	(0.2)
Property Sec Inv	March	5,830	(5,610)	5.3	(4.5)	3.2	(2.4)
Thorpac Group	March	80 L	(412)	-	(3.2)	1.17	(1.17)
Wholesale Fttgs	April	6,780	(5,530)	31.8	(25.9)	12.9	(10.1)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Ansbacher Henry	June	3,010	(2,787)	-	(-)
Arley Holdings	June	318	(54 L)	1.1	(-)
Atlantic Computers	June	13,100	(12,800)	-	(-)
BBA	June	27,800	(19,500)	1.4	(1.2)
BOC Group	June©	221,000	(190,000)	-	(-)
British Alcan	*June	27,000	(20,800)	-	(-)
British Petroleum	June	1,039bn	(1,381bn)	5.0	(4.5)
Capital & Counties	June	20,620	(6,550)	4.2	(3.5)
Commercial Union	June	111,400	(81,912)	7.2	(6.2)
Davies & Metcalfe	June	724	(413)	0.7	(0.6)
Edinburgh Oil & Gas	June	36	(76 L)	-	(-)
Fairway (London)	June	285	(358)	1.0	(-)
General Accident	June	152,200	(92,805)	15.5	(12.5)
GKN	June	84,000	(67,000)	6.2	(5.5)
Holders Technology	May	282	(216)	2.0	(-)
Huntingdon Int'l	June●	2,640	(2,070)	-	(-)
Independent News	June	4,170	(3,135)	5.0	(4.5)
Irish Ropes	July†	612	(281)	1.7	(1.7)
Jamesons Chocolates	June	95	(170)	2.0	(2.0)
Lincoln House	June	439 L	(538 L)	-	(-)
Manchester Ship Cnl	June	1,300	(358)	-	(-)
Mersey Docks & Harb	June	2,580	(1,260)	-	(-)
Metal Bulletin	June	503	(321)	1.8	(1.6)
Pearson	June	81,700	(51,200)	7.5	(6.0)
Printech Int'l	June	794	(484)	1.0	(-)
Relyon Group	June	2,250	(1,758)	2.1	(1.6)
Robinson Thomas	June	7,380	(4,920)	4.0	(2.0)
Rotork	June	2,300	(2,750)	3.2	(3.2)
Royal Dutch/Shell	June‡	1,311bn	(1,407bn)	-	(-)
Ruberoid	June	6,540	(2,780)	1.1	(0.9)
Scotts Restaurants	June	553 L	(308 L)	-	(-)
Simon Engineering	June	11,740	(9,392)	3.5	(2.7)
Smith & Nephew	June	54,500	(48,230)	1.5	(1.4)
Sotheby's Holdings	June‡	18,640	(14,399)	-	(-)
S'hampton Steam Pkt	June	1,050	(671)	6.0	(5.0)
Spong Holdings	April	79 L	(131)	-	(-)
Ultramar	June	66,800	(60,452)	2.5	(2.3)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡this years figs for 17 mnths.†last years figs for 9 mnths.●third quater figs.©figs for nine mnths.‡second quarter figs.*this years figs for 18 mnths.

RIGHTS ISSUES

Arley Holdings is to raise £4.77m via a nine-for-ten rights issue.
Ashley Trust is to raise £19.2m via a nine-for-five rights issue at 80p.
ChemEx is to raise £1.1m via a rights issue at 40p.
Marling Industries is to raise £3.9m via a one-for-ten rights issue at 158p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Ashley Trust is to raise £14.4m via a placing of 18.75m new shares at 80p.
Huntingdon Int'l is to raise £5.1m via a placing of 1.9m shares at 275p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Aerospace Engineering	Thursday	1.3	1.3	1.6
Gnome Photographic Products	Wednesday	-	2.0	-
Newmark Louis	Thursday	5.0	9.0	5.3
Oceonics Group	Monday	-	-	-
Regentcrest	Monday	-	1.5	-
Resort Hotels	Wednesday	-	-	-
Smith WH Group	Wednesday	2.4	5.4	3.0
Usher Frank Holdings	Wednesday	1.5	4.0	2.0
INTERIM DIVIDENDS				
AMEC	Thursday	4.7	8.2	-
Bardsey	Tuesday	-	-	-
Baynes Charles	Wednesday	-	-	-
Bladgen Industries	Tuesday	3.7	4.0	-
Britannic Assurance	Wednesday	14.5	27.5	-
British Telecomm	Thursday‡	3.7	5.7	-
Cattle's Holdings	Thursday	1.0	1.5	-
CCF Group	Wednesday	1.2	1.5	-
Consolidated Tern Invest	Thursday	-	-	-
Clarke T	Thursday	0.8	2.4	-
Edinburgh Financial Trust	Monday	0.1	0.2	-
F&C Enterprise Trust	Tuesday	-	0.15	-
Fife Indmar	Wednesday	0.7	2.7	-
First Scottish American Tst	Tuesday	5.0	8.0	-
Fleming Mercantile Inv Tst	Tuesday	1.5	2.5	-
Gordon Russell	Wednesday	2.0	4.0	-
Johnson Group Cleaners	Thursday	4.3	-	-
Merchant Manufactory Estate	Wednesday	-	-	-
Microvitec	Tuesday	0.5	1.0	-
Nichols JN (Vimto)	Wednesday	3.1	4.6	-
Noble & Lund	Monday	0.5	1.0	-
North Midland Construction	Thursday	0.8	1.2	-
Plasmec	Tuesday	1.0	1.6	-
Ratcliffs (Great Bridge)	Thursday	0.5	0.7	-
Rea Brothers	Tuesday	0.6	-	-
Rentokil Group	Thursday	1.2	2.1	-
Richardsons Westgarth	Monday	-	1.0	-
River & Merc Geared Cap Inc	Thursday	1.0	2.0	-
Royal Insurance	Wednesday	8.2	11.0	-
Standard Chartered	Wednesday	12.5	22.5	-
Transport Development Group	Monday	2.2	6.2	-
Unidare	Monday	3.1	8.5	-
Unilever	Monday	3.5	8.5	-
Ward Holdings	Wednesday	0.5	1.9	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ *first quarter figs.*

JUNIOR MARKETS

Waste not, want not...

BRITISH INVESTORS who believe that growing environmental concerns world-wide must eventually add up to multi-billion-dollar business for industrial waste-testing laboratories were this week asked for the second time to vote for the theory with their wallets.

On Tuesday, ChemEx International, a Cambridge-based contract lahoratory which joined the Third Market as a start-np company last year, announced a £1.1m rights issue of 2.68m shares – slightly more than doubling the number of shares it has sold so far. But the issue, priced at 40p a share, is to raise only about half as much money as ChemEx got when it joined the market a year ago yesterday.

ChemEx has certainly had a somewhat confusing 12 months. At the time of the placing, the company felt itself well on the way to receiving orders from the US Environmental Protection Agency, which controls a multi-billion-dollar hudget for the regulation of toxic waste. Its longer-term plan was to exploit the evolving European market for environmental analytical services.

However, there have been EPA delays in sending out test samples, preventing ChemEx from completing a crucial preliminary to achieving EPA recognition as a contract laboratory. As a result, chairman Dr Harry Bradbury says: "It is now clear that our first-year revenues will be substantially lower than expected".

On the bright side he reports that interest in Europe in ChemEx's services has been much more hnoyant than expected: the company has completed pilot projects in the UK, Italy and Spain, and repeat business is starting to come through.

Yet, the rights issue is designed primarily not to fund operations in Europe but to set up a specialist laboratory in Denver, Colorado. Bradbury says this is in response to a new opportunity that has arisen from the introdnction by the EPA of new programmes for the analysis of pesticides and dioxins in surface waters, ground waters and sewage sludges.

Despite the fact that affairs at ChemEx have turned out so differently from initial expectations, followers of the company consider the shares not unattractive at around 40p. They point out that the establishment of a base in the centre of the US market puts ChemEx in a much firmer position, while the looming prospect of 1992 points to much more business within EC countries.

In its uninspiring share price history, ChemEx bears testimony to how far from straightforward a decision it is for a greenfield operation to raise finance via a Stock Exchange quotation.

A major problem is that very few stockbrokers find it cost-effective to make available the considerable time and expertise necessary to sponsor greenfield operations. In fact, T.C. Coombs was responsible for all the three start-up ventures that joined the Third Market (which was set up in January last year) in the summer of 1987.

Aside from ChemExm, these were Far East Resources, a company set up to drill for oil in the Philippines, and Medirace, an ambitious project which provided funds for a team of research scientists to work on the treatment of Aids and cancer.

Medirace's share price performance has been markedly stronger than ChemEx's over the past 12 months, and the venture has attracted substantial support from the market despite the highly speculative nature of its business. It comprises a team of research scientists who came to the market with a single asset: the right to exploit research into the use of fatty acids in the treatment of Aids and cancer patients. The aim was to use the issue to fund research and license-out its developments to a multinational company as quickly as possible.

A year later, chairman Dr Robert Frisa struck a confident note in Medirace's annual report, published in June. He said "substantial progress" had made been both in testing the company's compound, Contracan, and in discussions with pharmaceutical companies. Since hringing Medirace to the market in July last year via a £1.2m offer for sale, structured in packages of shares and warrants, T.C. Coombs has raised an additional £1m through a private placement at £1 per share – equivalent to the initial offer price.

In February, Chase Manhattan Securities became a second sponsoring broker in the shares. At the date of the annual report, this broker had been able to arrange for 2.5m warrants to be exercised, raising an additional £1.25m for the company, while homes had also been found for the majority of shares held by Hemodynamics, a US medical company that had backed Medirace originally.

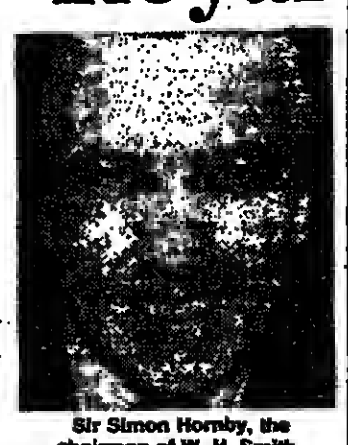
Clare Pearson

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988 High	1988 Low	
FT Ord. Index	1484.8	-26.0	1514.7	1349.0	Higher interest rates.
BSR	88	-7	104	62	Lack of bid developments.
Bowater Inds.	428	+13	442	352	Pru-Bache recommendation.
Comm. Union	369	-17	407½	296	Adsteam stake down to 6.91%.
Frost Group	252	+17	253	184	Stake-building speculation.
Hammerson A	625	-22	656	494	Profit-taking after strength.
Hunter	318	+110	320	206	Bid from Wickes.
Reuters B	475	-26	573	439	Rupert Murdoch plans to sell stake.
Scot. & Newcastle	357½	+30½	358	206	Elders bid hopes.
Shell Trans.	£10¼	-½	£11⅛	964	Second-qtr. figures disappoint.
Sovereign Oil	160	+13	165	91	Neste Oy lifts stake to 14.9%.
Stylo	310	+20	360	235	Control Secs. acquires stake.
Wayne Kerr	94	+29	99	44	Bid approach.
Willis Faber	248	-17	278	202	Senior director resigns.
Yale & Velor	457	-30	508	224	Acquisition, fading bid hopes.

RESULTS DUE

US loss ratios hamper Royal



Sir Simon Hornby, the chairman of W. H. Smith

AFTER THE collapse of its merger talks with the Paris-based insurer Group Victoire, what now for ROYAL INSURANCE in Europe? Observers will be eager to squeeze out some more information when Royal reports interim figures on Thursday.

Pre-tax profits should be down marginally at £157m because of increasing loss ratios in the US, according to analysts at County NetWest WoodMac.

In the light of last week's buoyant results from two other composite insurers, there are no prizes for guessing that Royal will have had an excellent half-year in its UK household, motor and industrial fire business, after six months largely free from big weather losses.

As alweys with Royal, though, the insurance sector's real connoisseurs will also be watching the second-quarter trend in its net written premiums in the US as a clue to the impact on the group of the industry-wide price-cntting which started there last year.

□ UNILEVER, the Anglo-Dutch food and detergent group, is expected on Monday to report pre-tax profits of between £380m and £390m for the three months to June 30, against an adjusted £344m in the second quarter last year. On that basis, profits for the half-year would approach £720m, compared with adjusted interim figures of £661m in the first half of 1987.

However, margins in US businesses look like being down for the period, principally because of the cost of launching new products and the adverse effect of margarine price rises on Unilever's market share. The second factor is expected to be short-lived as *competitors Kraft and Nabisco* follow suit and margarine margins are restored.

Europe should remain a steady contributor to profits, with the rest of the world boosted by the growing market for new food products in the Far East.

□ BRITISH TELECOM, which reports on Thursday, is expected to have earned pre-tax profits of about £610m for the three months to June 30 – a 9 per cent increase over the 1987 period.

Both James Capel's Stephen Owen and Citicorp Scrimgeour Vickers' James Dodd are forecasting £610m. BZW's Jack Summerscale is plumping for £612m.

The analysts say that growth in domestic and international call volume – at about 8 per cent and *12* per cent a year respectively - will keep BT's profits on a steady upward trend. Competition from Mercury Communications, and the recent more favourable agreement between the two companies on international calls, will not affect BT's profits significantly this year.

Any reduction in staffing levels and the benefits from Cellnet, BT's cellular phone subsidiary, will also not come through until next year.

□ STANDARD CHARTERED interim results, dus on Wednesday, are expected to show a profit of around £125m for the first half of this year compared with a loss of £224.5m in the same period last year.

The earnings recovery will be helped not only by improved performances by its Maleysian, Canadian, and French subsidiaries but also by tax losses carried forward from last year which should produce a low tax rate.

Analysts expect earnings per share to be around 51.7p on a 35 per cent tax rate, with the net dividend of 12.5p staying unchanged.

Standard Chartered's shareholding structure is likely to change in the near future if the sale of Robert Holmes à Court's 14.9 per cent share to fellow-Australian Alan Bond goes through. A rights issue of £250m is still expected although some analysts believe that it will now take place later rather than sooner.

□ W.H. SMITH'S share price suffered earlier this year when Rupert Murdoch set in train a revolution in newspaper distribution arrangements in Britain. Whether the change had *any severe impact* on the company's profits will be determined on Wednesday when Sir Simon Hornby, the chairman, will unveil the figures for the year to May 30.

The sagging share price looks unjustified considering that only a fifth of the company's profits now comes from wholesaling. The rest of the business – which ranges from specialist retailing chains such as Paperchase and Our Price to the traditional high street stores – ought to have been booming. The pre-tax result should be around the £70m mark, up from £62.2m in 1987.

□ AMEC, the construction group, is expected to reveal some of the fruits of its recent, rapid move into the housing market when it reports its interims on Thursday.

Analysts will want to know if the housing programme is still on course – Amec aims to double its housing completions this year – and how resilient its margins will be if the threatened downturn in the market comes about.

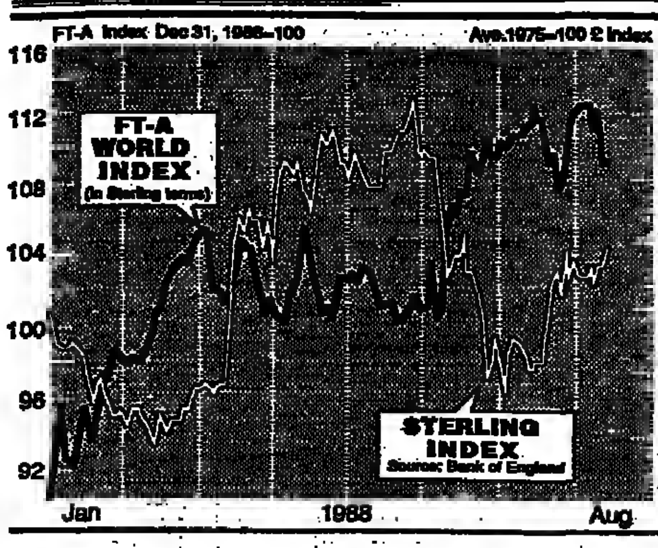
They expect profits of about £23m compared with last year's £13.1m, an improvement that reflects its May purchase of the outstanding 50 per cent of Fairclough Homes. Amec's traditional contracting business is expected generally to be buoyant.

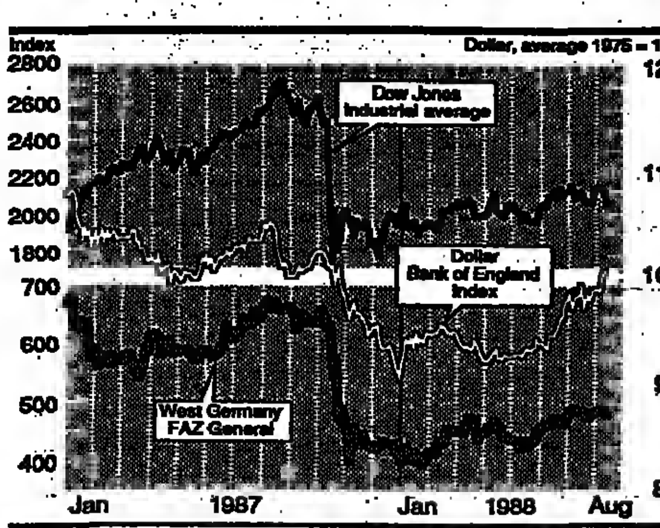
INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*							
Deposit account	3.81	3.66	2.93	monthly	1	-	0-7
High interest cheque	6.10	6.27	5.02	*monthly*	1	1,000-4,999	0
High interest cheque	6.50	6.70	5.36	monthly	1	5,000-9,999	0
High interest cheque	6.90	7.12	5.70	monthly	1	10,000-49,999	0
High interest cheque	7.30	7.55	6.04	monthly	1	50,000 minimum	0
BUILDING SOCIETY†							
Ordinary share	4.60	4.65	3.72	half-yearly	1	1-250,000	0
High interest access	6.35	6.35	5.08	yearly	1	500 minimum	0
High interest access	6.60	6.60	5.28	yearly	1	2,000 minimum	0
High interest access	7.10	7.10	5.68	yearly	1	5,000 minimum	0
High interest access	7.35	7.35	5.88	yearly	1	10,000 minimum	0
90-day	7.35	7.49	5.99	half yearly	1	500-9,999	90
90-day	7.60	7.74	6.18	half yearly	1	10,000-24,999	90
90-day	8.10	8.26	6.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS							
Investment account	6.50	6.38	5.10	yearly	2	5-100,000	30
Income bonds	9.00	7.04	5.63	monthly	2	2,000-100,000	90
Deposit bond	9.00	6.75	5.40	yearly	2	100-100,000	90
34th issue♦	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.58	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	6
MONEY MARKET ACCOUNTS							
Schroder Wagg	7.20	7.40	5.92	monthly	1	2,500 minimum	0
Provincial Bank	8.067	8.387	6.71	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§							
5pc Treasury 1986-89	8.25	7.98	7.19	half yearly	4	-	0
8pc Treasury 1992	10.07	7.99	8.75	half yearly	4	-	0
10.25pc Exchequer 1995	10.04	7.49	5.97	half yearly	4	-	0
3pc Treasury 1990	8.53	7.73	7.25	half yearly	4	-	0
3pc Treasury 1992	7.99	7.18	6.66	half yearly	4	-	0
Index-linked 2pc1992§§	8.05	7.54	7.23	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; Immediate access for balances over £5,000.♦ Special facility for extra £5,000 §Source:Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

WORLD MARKETS





ROASTING BY the pool with the latest Jackie Collins novel in one hand and a Piña Colada in the other, the holidaying fund manager must have suffered something of a rude shock this week. Assuming that news permeated to his summer hideaway of the US discount rate rise and the tremor it sent through financial markets, he might well be experiencing a sense of *déjà vu*, too.

The steady recovery in global stock markets and the healthy corporate earnings figures of recent weeks might have been encouraging him to dip a toe into the water by switching some of his cash holdings into equities. But now those rallies, coupled with buoyant economic demand, an ascending dollar and the Fed's surprise action, appear in a rather different light, reviving memories of the dangerous days of last summer.

The unexpected timing of the rise in the politically sensitive discount rate was just the sort of shock equity markets like least. Today marks the sixth anniversary of the start of the 1980s' bull market, but there seems little to celebrate right now.

Putting through an anxious call to his securities analysts back home, the swim-suited fund manager could be relieved to hear that a repeat of October's crash is still not on the cards. The worst scenario over the next few months, he will be told, is a hefty setback, brought about by a combination of:

Alison Maitland assesses world prospects for the rest of 1988

Dangerous days recalled

■ A deterioration in the US trade deficit, with monthly figures of $14bn or more, and a dramatic fall in the dollar.

■ Burgeoning US economic expansion, capacity bottlenecks and higher wage demands, leading to spiralling inflation fears.

■ A further, sharper tightening of credit by the Fed in response to either of the above, triggering competitive increases in interest rates and sharp rises in bond yields around the world.

■ An outbreak of nerves over the US presidential election.

■ The failure of heavily-indebted US companies.

■ More share scandals in New York, Tokyo or London.

It sounds distinctly gloomy, and most analysts will say they do not take this worst-case scenario too seriously. But their degree of confidence varies widely.

Alan Butler-Henderson, head of international research at Hoare Govett, does not foresee a fall of the size of last October because "the crash knocked 95 per cent of the froth off the markets." But he admits to a change of heart in recent weeks since he chastised investors late in the spring for their "irrational neurosis" about inflation.

He sees complacency creeping in about inflation and the US twin deficit problem, and warns: "The degree of pain that's got to be applied is being under-estimated."

He also detects "uncannily worrying" similarities between this year and last in the way economic growth has accelerated, stock markets have rallied, and the dollar has picked up from early weakness as the Fed tightened the screws.

The malaise in some broking circles stems partly from the fact that institutional investors have preferred to stay cash-rich rather than being sucked into this year's rallies. That now looks a sensible strategy to Angus McNeilage, head of European sales at James Capel, however much it might hurt the broker.

McNeilage feels that the recovery which has turned continental Europe into this year's second-best performer after the Pacific region is approaching its peak. The good news largely is discounted and a sudden rush into equities could well turn out to be a "suckers' rally."

McNeilage predicts a further tightening in interest rates after the US election and a gradual decline in earnings' growth. "I can't see that's a background against which equity markets in general look particularly attractive."

Warburg Securities is pessimistic about the US resolving its problems and predicts little change in the level of Wall Street shares by the end of the year. However, it has high hopes for some continental European markets, especially West Germany and Switzerland where it feels the true value of companies' assets has not yet been unlocked by takeover activity.

The problem is that Wall Street still leads global sentiment. To be bearish about the US and bullish about Europe means taking a bet that continental markets suddenly will strike out on their own – and there is little at the moment to suggest that.

Peter Roe, head of equity research at Nikko Securities, agrees the US has to take the lead for markets like the UK and West Germany to rise significantly. But, unlike Warburgs, he is optimistic that Wall Street will move up steadily and sees the broad-based S&P Composite index approaching 290 by the end of the year from just over 260 now. He also believes Tokyo will continue to rise under its own steam over the next few months, but that the degree will depend on whether and by how much official interest rates are raised.

In general, he is more bullish than bearish. This week's discount rate rise notwithstanding, he thinks the Fed will avoid dramatic measures before the election. "I don't see complacency creeping in. Volumes are very low, cash levels are a lot higher, people are a lot more fundamentally oriented and we've not got the degree of foreign money in domestic markets that we had last year."

Any falls will be limited by investors' willingness to pick up shares at cheaper levels, he says. But the lack of confidence engendered by the October crash will affect markets for quite a while yet.

It is that very lack of confidence that delights Bob Salomon, equity investment strategist at Salomon Brothers in New York. He sees most markets rising well to the end of the year, with the S&P Composite near 300 and the Nikkei average close to 30,000 compared with 27,834 on Friday.

"There still seems to be a tremendous amount of scepticism in the market place. Sentiment is downright depressing," he says, cheerily. "That's part of the bullish case. Negative sentiment tends to be a positive indicator for future stock price performance. When everybody's bullish, who's left to buy?"

No doubt his advice to the holidaying fund manager, who could by now be feeling confused and overheated, would be to go and have that dip – as long as he keeps his feet cold.

FT-ACTUARIES WORLD INDICES

Country	£ Sterling % change from July 1st 1988	£ Sterling % change since Dec. 31st 1987
Australia	+6.0	+55.2
Austria	-1.1	-7.0
Belgium	-7.1	+17.5
Canada	-5.8	+19.0
Denmark	-6.5	+15.5
France	-7.5	+14.2
W Germany	-4.0	+4.2
Hong Kong	-2.2	+30.9
Ireland	-3.6	+36.9
Italy	-2.4	-0.6
Japan	+2.3	+27.5
Malaysia	-1.9	+48.4
Mexico	-11.7	+55.2
Netherlands	-1.5	+12.1
New Zealand	+4.2	+19.0
Norway	-4.7	+26.6
Singapore	+3.5	+47.5
S Africa	-6.6	-8.5
Spain	-3.5	+21.4
Sweden	-4.2	+24.9
Switzerland	-3.9	+0.9
UK	-0.8	+8.8
USA	-3.4	+17.7
EUROPE	-2.7	+8.8
PACIFIC-BASIN	+2.3	+28.4

© The Financial Times, Goldman Sachs and Co, Wood Mackenzie and Co Ltd 1987

Perestroika reaches the Fed

THIS WEEK'S shock announcement of a half-point rise in the US discount rate – the first since the increase last September cited widely as a major trigger of the stock market crash – is the first concrete evidence of a certain decentralisation of opinion and influence at the US Federal Reserve Board.

It has become fashionable in the pages of the US business press to describe an appearance of more openness and increased democracy at the central bank since Alan Greenspan took over as chairman on August 11, 1987, in terms of Mikhail Gorbachev's Russian revolution.

In past months, it is "glasnost" which has emerged. The board's governors seemed to speak more freely about their individual opinions on policy, a plurality of view which sometimes alarmed US financial markets used to the single voice heard from Paul Volcker's Fed.

This week, we saw "perestroika" at work. The board apparently had been highly-reluctant to raise the discount rate despite overwhelming evidence of inflationary pockets in a fast-growing economy. It finally was persuaded to do so by an overwhelming majority of the Fed's 12 regional banks. Nine urged a discount rate rise on Monday and the board took the decision later that day.

David Hale, chief economist at Kemper Financial Services in Chicago, says he cannot remember an occasion when the hand of the Fed chairman was forced by his regional bank chiefs. "Perhaps we should all stop talking about the Frankfurt-New York-Tokyo axis and start talking about policy coordination between Kansas City, Cleveland and Washington," he noted.

Most often, higher interest rates are seen in terms of the macro-economy. Economists believe the rise in rates, both official and market, constitutes a mild tap on the brakes for the economy at large. But while the macro-economists and global strategists this week applauded the Fed's anti-inflationary stance, and talked about overheating fears waning, American television networks were running stories about how some sectors of the economy already are struggling and could be hurt.

Stock market analysts last week attributed substantial selling not only to concern that interest rates could be headed even higher, making it more expensive for companies to borrow, but also to a revival of fears about a possible recession. True, the economic expansion is virile overall, but there are pockets of weakness and vulnerability.

The request for a discount rate rise by the nine regional banks reflected robust growth in most regions. According to the Fed's latest Tan Book, a compilation of regional economic reports which is used as a basis for discussions in the Federal Open Market Committee, economic expansion continued at a moderate or strong pace in every region except St Louis and Dallas.

Dallas was one of the three regional banks which did not put in a request for a discount rate rise.

Perhaps a look at the Texas economy might give some idea of potential, specifically regional vulnerabilities to higher interest rates which should not be forgotten amid all the inflationary talk that has dominated markets this year.

According to the Tan Book report from Dallas, overall economic growth remains sluggish in the area. There is more optimism than there was and there have been some improvements – construction activity, for example, has stabilised after a prolonged downturn.

However, growth remains below that of the second half of last year and progress towards a healthier local economy seems to be painfully slow.

Overlaid on this only embryonic recovery are the very specific and chronic vulnerabilities of Texan banks, savings and loans and thrifts. The Dallas Fed reports in the August Tan Book that bank deposits, particularly at the large banks, continue to show an accelerated rate of decline.

Although there has been an expansion of deposits at thrifts and billions of Federal dollars have begun to pour into the system to avert disaster, the last thing financial institutions in Texas need is higher interest rates.

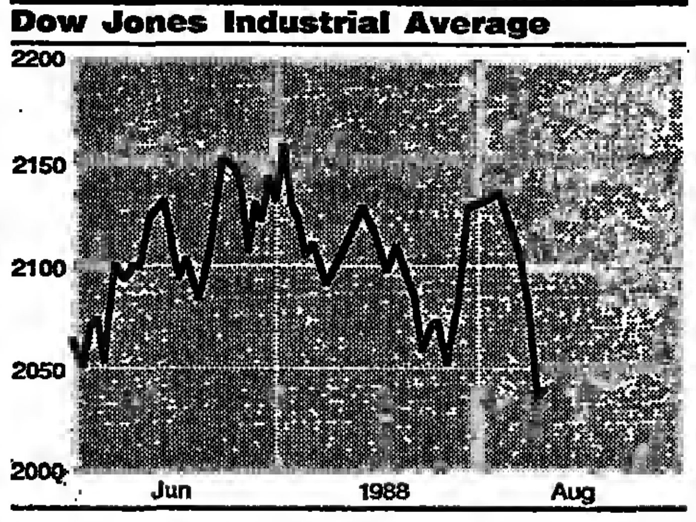
Still, talk of jobs being lost in mining, construction and manufacturing in the St Louis region does not grab headlines in the same way as the monthly release of the Producer Prices Index.

Yesterday's news of an 0.5 per cent rise in the PPI in July further unsettled the markets. The increase was at the top end of Wall Street's estimates and looked particularly nasty stripped of energy and food price increases. The remaining core prices indicated that an annual inflation rate of about 6 per cent was only just around the corner.

Stocks and bonds fell for the seventh morning running to cap an unhappy week of higher interest rates and inflation jitters.

Janet Bush

Dow Jones Industrial Average



Monday	2107.40	– 11.73
Tuesday	2079.13	– 28.27
Wednesday	2034.14	– 44.99
Thursday	2039.30	+ 05.16

FINANCE & THE FAMILY

David Waller offers some tips for lively AGM

Turn the heat on gas

AN ANNUAL general meeting provides a rare forum for small shareholders in a large company to voice their complaints. Next Thursday, in Birmingham's cavernous National Exhibition Centre, the multitude of small shareholders in British Gas will be able to have their say about one of the UK's biggest companies.

The meeting promises to be a lively affair. As last year, Sir Denis Rooke, the privatised corporation's prickly 64-year-old chairman, faces a challenge from an outsider seeking nominatiou to the board. At the first AGM e year ago, the contender wes none other then the redoubtable Sir Ian MacGregor; this year it is Noel Falconer, a veteran compaigner for the rights of the small shareholder.

Given Sir Denis's almost hypotic power over British Gas, its strategy, its 84,500 employees and its 2.9m shareholders, it seems unlikely that Falconer will succeed where Sir Ian failed. Nevertheless, there could be a rumpus when the chairman asks the meeting to delete clause 93 (2) from the company's articles of association. *This required BG to circulate* every single shareholder with advance notice of Sir Ian's candidature, costing no less than £700,000 - an expense Sir Denis bas no wisb to repeat.

How should the small shareholder take advantage of this rare opportunity to quiz and harass the hoard of his company? What questions should ha ask?

By every account, British Gas is in fine fettle and it might seem a mite churlish to take issue with a management which produced profits of £1.25bn despite an unusually mild winter. But here are a few suggestions.

The key question on everyone's mind (althongh so far unspoken) is that of Sir Denis's replacement when he retires next year. So long has been his reign, and so dominant his character, that BG in all its immensity now looka as though it is moulded in its chairman's immense image. City observers are sceptical as to whether an independent-*minded man could have flour*ished in such an environment and, for that reason, would not welcome an appointment from within the existing board. But who does Sir Denis have in mind?

On a less personal note, abareholders might like to know if their company has any inside track on the result of the inquiry by the Monopoly and Mergers Commission into industrial gas pricing. The MMC is due to report to Lord Young at the Department of Trade and Industry by the end of the month, and it would be nice to know if BG intends to change the way it charges its industrial customers in anticipation of an unfavourable outcome.

Will Sir Denis stop his company's practice of quoting prices on a case by case basis – which allows him to set prices according to the customer's ability to get cheaper energy elsewhere: for example, from electricity – and will tariffs come down as a result?

What about the company's acquisitions policy? In theory, it is all perfectly comprehensible: distressed deeply at the Government's decision to sever the corporation from its "upstream" oil and gas business (creating Enterprise Oil in the process), Sir Denis is trying valiantly to build np those oil exploration interests all over again in anticipation of a fall-off in domestic demand for gas in the mid-1990s.

In practice, the acquisition of a 51 per cent stake in Bow Valley Industries of Canada, and the £370m purchase of Acre Oil in the North Sea, do leave Sir Denis open to at least a difficult line of questioning. Perhaps – amid the great scramble *for* North Sea assets – British Gas has paid too much for Acre?

Furthermore, tbe structure of the Bow Valley deal is not ideal. BG has committed itself to e large investment in the *Canadian* company without being able to secure formal control. If the transaction had not been so structured, it would have gone the same way as the attempt to buy a 70 per cent stake in the Petroleum Corporation of New Zealand, which was blocked by xenophobic Kiwi regulators.

Of more direct interest to the shareholder is Sir Denis's

Sir Denis Rooke

views on dividend policy. The final dividend of 5.5p a share, announced in June *at* the time of the prelims, was surprisingly high, making a total of 8p for the year. Is this generosity set to continue?

British Gas has a reputation for being unexciting and sluggish, both as a company and as an investment. Given its size, this perhaps is not surprising – but nor is it entirely fair. Compared with US ntilities,, the UK company has a handsome future.

Shareholders who have been with British Gas since privatisation bave been rewarded with more than modest capital appreciation (in that the shares have outperformed the market by 5 per cent since they made *their debut) and an* above-average yield. Amid all the hectoring next Thursday, perhaps someone sbould get np and thank Sir Denis for that?

Drive onto a good loan bargain

IF YOU want to borrow money to buy a new car, the AA has just relauncbed its Motor Loan package, whicb is also now available to non-members.

Included in the package is tbe offer of a free personal membership of the AA for a year (existing members have their next year's subscription free). You also get a free AA vehicle inspection, worth £30, e £12.50 discount on motor insurance and a free booklet on buying a car.

Loans of between £1,000 and £10,000 are evailable with a maximum repayment period of three years for a second-hand car and four years for a uew car. If you want to arrange the loan before starting to look for a specific car, AA Financial Services will issue a certificate detailing how much it is prepared to lend.

The snag is the interest rate charged. It is equivalent to an annual percentage rate (APR) of 23.9 per cent. So if you borrow £5,000 for repayment over three years, the monthly *instalments will be £189.98 and* the AA will try hard to sell you credit care or life cover insurance on top of the loan. This is a competitive rate when compared with that charged by finance houses, which can be up to 30 per cent APR.

However, you can almost certainly do better by going to a bank or even a building society. Personal unsecured loans from a bank currently have APRs of about 19.7 per cent and they quite often have special deals for cars.

Midland Bank, for example, is offering a 1 per cent discount until October 14 on loans for car purchases of between £1,000 and £5,000, which *reduces the APR by two points* to 17.7 per cent.

Under this special offer e £5,000 loan, repayable over three years, will cost £176.39 a mouth, compared with the normal rate of £180.35 – a saving of over £140 altogether.

Also thrown in are £100 discount vouchers for motoring accessories and entry into a free competition.

If you want to borrow a larger sum and pay it back over a longer period, you can use loans secured ou your house and pay a lower annual rate.

Alternatively if you have a gold card you can borrow well below the personal loan rate *and pay back the loan* when you like.

But these rates are variable with the changes in base rate, while the personal loans are fixed and so far have not been adjusted to the rise in general interest rates.

John Edwards

Rates up all round

THIS WEEK'S latest increase in the bank base rate, from 10.5 to 11 per cent, is unlikely to have any immediate effect on the cost of mortgages. As the Halifax Building Society pointed out, the recent increase to around 11.5 per cent by most of the major lenders has only just come into effect in many cases and they *would be reluctant to make* another change now, especially with the uncertain conditions in the money markets.

However, another rise in the base rate could change the picture since the gap between this and the cost of home loans has shrunk to a low level. Meanwhile, this week's bike will put further pressure on mortgage lenders relying on money markets for their funds, especially home loans linked with Libor (the London Interbank Offered Rate).

Borrowers also face an instant rise in the cost of overdrafts and loans. Lloyds Bank has decided to put up the rate it charges on overdue Access *accounts from 1.8 to 1.9 per* cent a month (raising the annual percentage rate, or APR, *from 23.8 to 25.3)* effective from August 19. It is quick to point out that this hefty interest rate is payable only on outstanding balances and that only 40 per cent of Access users pay any interest.

Among other banks issuing Access cards, NatWest said it was reviewing its interest rate. It is, bowever, likely to announce an increase shortly. But Midland said it was not yet planning to raise its rate from the present 1.75. It added that the trend in interest rates remained uncertain and it would wait for a clearer trend to emerge before making any change. Barclays also is leaving its rate on its Visa cards unchanged at 1.75 but the TSB Trustcard rate already has gone up to 1.9. Barclaycard is increasing its rate from 1.75 per month to 2 per cent, an APR of 26.8.

On the converse side, NatWest is putting up its rates for savers on Monday with interest on its Special Reserve account going up from 9.5 to 10 per cent gross (7.5 net) for deposits over £10,000. There is e similar increase for the hank's monthly income account from September 1. Barclays has lifted to 11 per cent gross (8.25 net) the rate on its Capital Advantage; this has a minimum deposit of £10,000 and pays interest quarterly, but withdrawals are subject to one month's notice. Other banks have no immediate plans to raise their investment rates. Nor have the building societies, which have only just recently increased their savings rates by an average of about 1.25 per cent.

However, interest rates paid ou Mouey Market Bank Accounts (listed daily in the FT) have gone up already and now represent some of the best value for depositors. The AAB-Allied Arab Bank, for example, is offering e gross rate of 11 per cent (8.4 per cent net) on its high-interest cheqne account money. That is the top rate, but the Bank of Ireland is not far behind and several others are paying over 10 per cent gross.

John Edwards

GROSS BUILDING SOCIETY RATES

Society	Notice Required	Minimum Investment £	Interest Rate %	Interest Paid
Greenwich Building Society	Instant	1	11.00	Yearly
Stroud & Swindon	Instant	2000	10.50	Yearly
Portman Building Society	Instant	5000	10.85	Monthly
Catholic Building	Instant	10000	10.85(11.15)	1/2 yearly
Darlington	Instant	20000	10.60	Yearly
Abbey National	Instant	25000	11.00	Yearly
Market Harborough B. Soc.	30 day	500	10.25(10.74)	Monthly
Guardian Building Society	30 day	3000	10.72(11.15)	Quarterly
Bath Investment	30 day	5000	9.00	Yearly
Loughborough	30 day	10000	10.25(10.51)	1/2 Yearly
Loughborough	30 day	20000	10.50(10.77)	1/2 Yearly
Holmesdale Benefit	60 day	500	10.50(10.77)	1/2 Yearly
Bedford Building Society	60 day	1000	9.10(9.31)	1/2 Yearly
Walthamstow	60 day	5000	11.00	Yearly
The Scarborough	60 day	10000	10.75	Yearly
Yorkshire	60 day	50000	11.07	Yeerly
Stafford Railway	90 day	500	10.75(11.03)	1/2 Yearly
Bristol & West	90 day	1000	10.45	Yearly
Frome Selwood Permanent	90 day	5000	10.42(10.88)	1/2 Yearly
Birmingham Midshires	90 day	10000	10.50	Yearly
Cheshunt Building Society	90 day	20000	11.07	Yearly
Woolwich Building Society	90 day	40000	11.07	Yearly
Lambeth Building Society	6 month	250	10.25(10.51)	1/2 Yearly

Source:Chase de Vere

OFFSHORE BUILDING SOCIETY ACCOUNTS

Building Society	Instant access £	Instant access %	90 day £	90 day %
Abbey National — Jersey	500	9.00	1000	10.00
	2000	9.75	10000	10.375
	10000	10.125	20000	10.75
	20000	10.50	50000	11.00
	50000	10.75	250,000	11.125
	250,000	10.875		
Abbey National — Gib	1	6.00	1	9.87
	500	8.875	10000	10.125
	2000	9.625	20000	10.50
	10000	9.875	50000	10.75
	20000	10.25		
	50000	10.50		
Britannia — I.O.M	250	8.99		
	5000	9.58		
	10000	10.03		
	25000	10.38		
Halifax — Jersey	1000	9.00		
	10000	9.75		
	25000	10.25		
	50000	10.50		
Leeds Permanent — I.O.M	500	8.79	500	9.77
	5000	9.45	5000	10.10
	10000	9.77	10000	10.42
	25000	10.10	25000	10.75
Nationwide Anglia — I.O.M				
	1	9.50		
	10000	10.00		
	25000	10.50		
National & Prov. I.O.M	500	8.31	500	9.58
	2000	8.95	5000	9.90
	5000	9.27	1000	10.22
	10000	9.58	25000	10.54
	30000	9.90		

Source: Chase de Vere

EXPATRIATES

Savers benefit

THE RISING trend in base rates has resulted this month in bad news for borrowers but good news for savers. Better interest rates on investment accounts have started to filter through. As e result, several building societies are now paying their expatriate customers up to 10 or 11 per cent gross, sometimes a little more.

Such rates can even be found ou instant access accounts, which means that shrewd *investors can earn a handsome* rate of interest on their money without taking any chances. They also can sleep peacefully at night, knowing they can switch their funds elsewbere just as soon as another investment vehicle atarts to look more attractive.

Investors looking for an instant access offshore building society account which pays 10 per cent or more need to have at least £10,000 deposited. The best rate paid to such investors comes from Abbey National Overseas in Jersey, according to London intermediary Chase de Vere Investments which keeps a list of comparative rates available from both large and small societies. Abbey National is paying 10.125 percent on investments of that size placed in its Offshore Plus account.

If instant access is of secondary importance, then even better returns are available. The Abbey National in Jersey and the Leeds Permanent in the Isle of Man, for example, are paying 10.375 percent and 10.42 per cent respectivly on sums of £10,000 placed in accounts with 90 days' notice of withdrawal.

Onshore in Britain, even higher rates are being offered to expatriates, who are not liable to pay the composite rate tax enforced on UK investors. The Yorkshire Building Society is paying 11.07 per cent gross on amounts of £50,000 or more invested in its 60-day notice *account (investors can have* instant access if they keep £10,000 in the account but, of course, using this facility means lower interest).

The Cheshunt and the Woolwich also are paying 11.07 per cent gross ou their 90-day notice accounts. To earn this, you need to invest £20,000 with the Cheshunt and £40,000 with the Woolwich.

From September 1, investors with £3,000 in the Guardian'a 30-day notice eccount will receive 10.72 per cent. Interest is paid quarterly, so investments held for the full year enjoy a compounded annual rate of 11.15 percent. Instant access is allowed provided £3,000 is kept in the account.

Very tempting indeed is the *Greenwich's instant* access account. This requires a minimum investment of just £1 and, from September 1, the gross interest rate will be 11.00 per cent.

The Catholic Building Society is paying 10.85 per cent gross on its instant access account. Interest is paid half-yearly, producing a compounded annual rate of 11.15 per cent. The minimum investment is £10,000.

Savers who are particularly sensitive to interest rates, and also prefer to placa their money offshore, need to be extra-vigilant as the societies offshore tend to respond more quickly to base rate changes.

Although the onshore societies have not shown any intention to increase their rates following this week'a half-point rise in base rate, both the Halifax and the Abbey National in Jersey have indicated that if their offshore banking rivals make a move, they will be swift to take competitive action.

□ *Amanda Pardoe is executive editor of The International, the FT's magazine for expatriates*

Amanda Pardoe

Home bank

CLYDESDALE BANK has unveiled what it says is the first UK home banking system which will give customers access to their accounts from anywhere in the world, 365 days a year.

Customers can chose *between a speech* input *system* or a tone pad (£12 extra) to communicate with the bank.

The service can be used to pay bills, transfer funds between accounts, and request the balance in one's account. The cost to the customer is only the telephone call.

Small outlay, big return: **John Edwards** reports

Pensions with profits

A LIFETIME annuity paying £700 a year gross for an outlay of only £1,650 sounds too good to be true. But, according to Mercury Fund Managers, it will be possible until April 6 for people who were eligible to make personal pension contributions during the 1987/88 financial year and were higher-rate (60 per cent) taxpayers.

Under the new pension arrangements that came into force this year, you can make contributions until April that will be treated for tax relief purposes as if they had been made in the previous tax year, when the top rate was 60 per cent.

At the same time, under the new arrangements it is possible for anyone over 50 to take virtually immediate benefits from a personal pension plan, regardless of whether you actually retire or not. You can withdraw 25 per cent of the pension fund as a tax-free cash sum straight away, and use the remaining 75 per cent to buy an annuity. This provides income that is liable to tax, but the maximum rate is now only 40 per cent.

So, as the accompanying table shows, a single payment of £10,000 can be reduced to a net outlay of £1,650 after receiving 60 per cent tax relief and the tax-free cash sum. Then, the pension fund can be used to purchase a lifetime annuity paying £700 gross, equal to £420 a year after payment of the top rate of tax.

This particular ploy to take advantage of the reduction of the top rate of tax from 60 to 40 per cent in the Budget this year will be available only until April, and applies mainly to the self-employed over 50 who have unused pensionable earnings. You can put only a percentage of your earnings into pension schemes: 17.5 per cent up to 51 years old; 20 per cent between 51 and 55; 22.5 per cent between 56 and 61; 27.5 per cent over 61. But you can go back over the past six years, too.

So, for a man of 50 to contribute £10,000, he would need to have had pensionable earnings of more than £57,143 in the past seven years. This figure could be much higher if other pension contributions had been paid already.

However, Bristol intermediary Hargreaves & Lansdown points out that the new pension arrangements can be used to provide tax savings benefits to a much wider section of the population. Under the old regulations, personal pensions basically were available only to the self-employed and the benefits could not taken until you were over 60. Under the new regime, personal pensions can be taken out by anyone with pensionable earnings and the benefits are payable from age 50.

Pension Contribution	£10,000	Investment to Pension Fund	£10,000
Less 60% tax relief	£ 6,000	Less initial charges (say)	£ 600
Net contribution	£ 4,000	Value of pension fund	£ 9,400
Less 25% tax free cash sum	£ 2,350	Less 25% tax free cash	£ 2,350
Net actual outlay	£ 1,650	Remaining pension fund	£ 7,050
		Which produces:	
		Gross annual annuity (say)	£ 700
		Less tax at 40%	£ 280
		Net annuity for life	£ 420

So, if you are in non-pensionable employment and over 50, even a 25 per cant-rate taxpayer can earn a very good return immediately from investing in a single-premium pension contract.

With a lump sum investment of £10,000, you would get a tax saving of £2,500 and receive back a tax-free capital sum of almost £2,500 the next day. This means your net outlay is reduced to £5,000, but you have a pension fund worth £7,500 used to buy a compulsory annuity.

Annuity rates vary, according to the individual companies and the age of the individual, bnt even at 50 the company estimates a 25 per cent taxpayer can earn a net return of 16 per cent a year for an outlay of £5,000.

The rewards are greater if you are a 40 per cent taxpayer and older than 50, since you are able to obtain better annuity rates the older you are.

If it all sounds a bit complicated, the fact is that pension plans now are probably the best remaining way of reducing your tax bill because the Government has an ulterior motive. It wants to encourage more private funding of pensions by individuals so as to rednce dependence on tbe State scheme, which simply will not be able to meet its liabilities in the years ahead unless there is a considerable exodus from the State Earnings-Related Pensions Scheme (Serps).

Generous tax concessions now are worthwhile to avoid disaster in the future.

'Best advice?' Not this time

DEFINING THE "best advice" that brokers and intermediaries are supposed to give when recommending financial prodncts was never going to be easy.

Although this is a key requirement under the new financial services legislatiou aimed at improving investor protection, it is tricky to be specific: good advice to one person might be bad advice to another in different circumstances, while past investment performance is not necessarily a sound guide to the future.

However, the guidelines on "best advice" published this week by the Financial Intermediaries, Managers and Brokers Regulatory Associatiou (Fimbra) appear more concerned with protecting its member companies than the unfortunate investor.

What the guidelines amount to is best advice on how an intermediary recommeuding, say, a Barlow Clowes fund can best avoid being sued. This might be reassuring for intermediaries but it is hardly what the Financial Services Act intended.

Like the client agreement letters sent out by stockbrokers, the new Fimbra rules, if followed properly, should provide intermediaries with a good defence against any claims or charges made by disgruntled investors.

The Association of Investment Trust Companies welcomed the guidelines because it "fully recognises that investment trusts must be among the products to be considered by intermediaries" – in spite of the fact that they do not pay the same kind of commission as unit trusts.

On closer inspectiou, though, the Fimbra rules read rather differently. Tbey say that a member "may properly conclude that investment trusts are the more suitable for one particular client, hut not for another client."

They then list possible reasons for NOT recommending investment trusts including higher risk due to possible gearing; price not related directly to asset value; less-transparent investment policy; and extra cost to the client of dealing in small-sized parcels.

What is more, the preamble to the rules includes an "Important Note" which says: "Any references to investment business include life assurance, pensions and unit trust business." Not a mention of investment trusts there.

While warning members that their recommendations should not be made on the basis of the commission income generated, Fimbra is also careful to stress: "There will be occasions when a client's best interests will uot be served by making recommendations which generate the lowest commissiou income.

"For example, if a non-commission-paying life office has a contract which offers the same benefit to the client at a fractionally lower cost than a similar contract offered by a commission-paying office, it would be proper for a member to take into account a fee (within the relevant commission scale) which he might reasonably charge for his service."

In other words intermediaries can avoid the obligatiou to recommend a non-commission-paying product by slapping on a fee that will make the product no longer the most attractive.

The rules themselves specify that Fimbra members must:

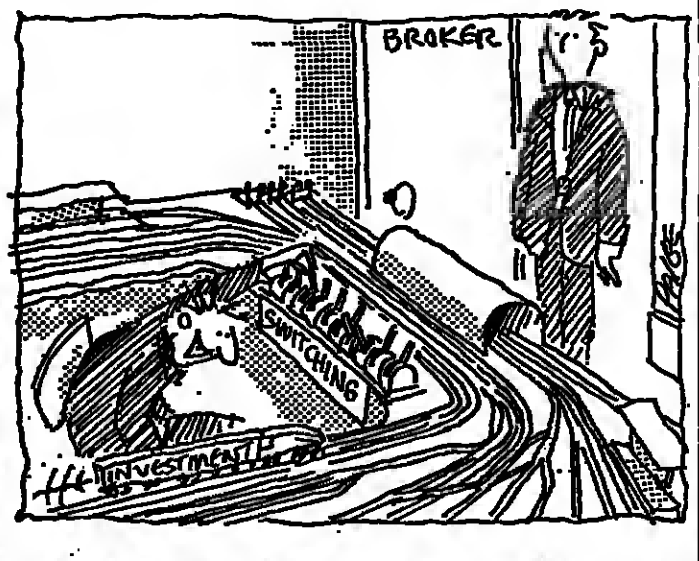
- "Be able to demonstrate at a later date that advice or recommendations were both soundly-based and suitable" by having an adequate knowledge of the client's circumstances. Any refusal by the client to supply the information requested should be documented.
- Use appropriate means to inform themselves about the markets, suppliers and the products. In particular, they should select information sources that are relevant and up to date. They will be expected, at the least, to study authoritative financial journals. For routine cases, it is suggested that there is considerable merit in compiling a short-list of specific recommeuded products for each class of investment product.
- Keep good records to defend themselves in circumstances when advice "was given carefully and conscientiously but which, nevertheless, could be seen in retrospect to have been wrong."

So, like stockbrokers' clients, you can expect to be swamped with a mound of paper from intermediaries designed primarily to help them fend off possible future complaints.

Under the new rules, it will be difficult to claim you have not received best advice simply because the recommended product has performed badly. All intermediaries have to do is show they have bothered to find ont enough information about their clients, read the right financial journals and kept themselves reasonably well-informed – an easy defence even for intermediaries who might have made the Barlow Clowes funds the star choice for their clients.

J. E.

Farewell bonds, hello trusts



FOLLOWING the threatened demise of the broker bond, as a result of proposed new rules introduced by the Securities and Investment Board, the unit trust industry could have found a timely substitute in the user-designed trust.

Broker bonds are single-premium investment bonds where a level of investment management is provided by the broker. The most common form is where the broker bond offers a switching service between the different funds of a life company in the hope of boosting profits by choosing the right market at the right time.

These bonds have been a great money-spinner for brokers and life offices alike. A high minimum fund value is required to set up a broker bond, keeping large volumes of the client funds tied up and generating management fees for both the life company and the broker.

Sometimes a third party, such as a stockbroker, is contracted to manage the bond on the broker's behalf – yet another organisation to take a slice of the fees.

As a result of these extra layers of management, the problem with broker bonds is double-charging. The SIB has also objected to them on the ground that brokers are sometimes paid direct from the life office's funds in a way that is not obvious to the investor. The high charges help to cripple performance, making the best-advice requirement difficult to justify.

The SIB has now made it clear that much stricter requirements will in future be applied to broker bonds, particularly in making the charges transparent to the investor. These effectively will mean an end to the majority of broker bonds, since brokers recommending them will have to be sure their recommendation will be better for the client than alternative investments with lower charges.

This is where "user-designed trusts" come in. These are "shell" trusts set up specially by a unit trust group but with the intention that the fund management aspect of the trust should be delegated to a broker. So, the new unit trust will be aimed specifically at the broker's clients.

A Bristol company, Aegis, has become the first to offer user-designed trusts. It now has four in operation and applications pending on another two. The existing four include the St Nicholas Street Growth Trust, managed by Aegis itself with money from a number of local Bristol intermediaries. The other three have Aegis as the unit trust manager, but fund management is provided by the brokers concerned.

So far, all the Aegis funds invest directly in shares, but there is nothing to stop them acting as funds of funds and investing in a range of other unit trusts. One of the two proposed trusts, now being considered by the SIB, is a fund of funds to be set up on behalf of a large London broker.

Is the idea of user-designed trusts merely a replay of the broker bond theme? On the question of charges, at least, Aegis has a persuasive case. All its funds have a 5 per cent initial charge and a 1.5 per cent annual management fee. Aegis takes 1 per cent of the initial charge. A further 3 per cent may be paid to the broker as commission with the other 1 per cent given to the client as a discount. The annual management charge is split between Aegis and the fund manager, each taking 0.75 per cent.

The relatively high annual management charge is balanced by an effective 4 per cent initial charge, making Aegis's funds competitive with the rest of the industry where a 6 per cent initial charge and 1.25 per cent% annual management fee is becoming the norm.

Gartmore is also interested in user-designed trusts, but feels there are still a number of queries surrounding their status under the new legislation.

Keith Marsh, managing director of Aegis, reckons that the only real area of doubt is the "connected persons" rule imposed by the Financial Intermediaries, Brokers and Managers Regulatory Association (Fimbra). The effect of this rule is that in marketing their own user-designed trusts, brokers will have to take particular care to prove that recommending them constitutes best advice.

Because a unit trust is allowed to operate free of capital gains tax within the fund, a user-designed trust could be compared with a portfolio management service with CGT-free switching. This provides powerful support for a best-advice recommendation, argues Marsh.

While the charging structure of user-designed trusts avoids the worst excesses of broker bonds, their investment performance is an unknown quantity. The fund manager will have to be a Fimbra member and can be a member of Imro (Investment Managers Regulatory Organisation). This is the case with Chartered Asset Management (CamCo), whose International Recovery Trust is the latest Aegis product.

CamCo is making a virtue of its "no commissions" policy. The group specialises in discretionary management on a fees-only basis. With the International Recovery Trust, this means that 4 per cent of the front-end fee is rebated to the investor.

The unit trust industry was one of the beneficiaries of broker bonds, and user-designed trusts may be a useful replacement. From the broker's point of view, such trusts appear to have swapped inflated charges for a product which is better value to the consumer. But performance could be very variable if a number of brokers with no direct experience of fund management start managing their own trusts.

However, given tha choice between a broker's discretionary management service and the same service operated through a unit trust, at least the unit trust version has the advantage of CGT-free switching on its side.

Christine Stopp

Dons shrug off the crash

OUR OXBRIDGE college has been managing its own investment portfolio, with considerable success, since 1953. It has simple rules. Changes in investment are considered only once a year. The review meeting usually takes about two hours and relatively few changes are made.

This year's review, held recently, had to take into account that results for the 1987/88 yaar (to end-June) showed a 9.4 per cent drop in the capital value of the portfolio following October's crash. However, this decline did not cause much concern, especially compared with the FT 30-share index which fell by 16.8 per cent during the same period.

A much more important factor was that income from the college portfolio rose significantly. At 4.3 per cent of the 1987 valuation, it was comfortably ahead of the corresponding figure (3.8 per cent) for the FT index. And the fact that the college portfolio included some fixed-interest securities was an advantage in 1987/88, although it had handicapped performance in the previous two years.

The fixed-interest holdings are a very mixed bag, including a substantial proportion of index-linked bonds. The combined return for this sector (income plus capital appreciation) was 11.2 per cent compared with 5.7 per cent on the index for gilts with 15 years or more outstanding. So, the college profited from superior performance, as well as by simply holding some bonds instead of equities in the portfolio.

As it happened, the decision at the 1987 review to shift some of the portfolio away from equities to bonds turned out to be a very good idea. However, it was not made on a short-term view of probable price movements. Rather, it reflected the view that, in a world of uncertainty, the prospective long-term return from bonds did not seem sufficiently inferior to justify the great preponderance of shares held in the portfolio.

In executing this switch, however, we made at least one catastrophic mistake, at least in the context of one-year returns. Our main equity sales were two investmant trusts holding Japanese securities. On a longer-term view, the sales of these trusts could be defended, since they had assets with a ridiculous price-earnings ratio. But the timing was bad because the trusts we sold subsequently rose in value by about 10 per cent over the following year.

On the purchases side, the fixed-interest stock we bought rose in value during the year by 1.3 per cent, thanks to half the purchases being made up by index-linkad gilts. The small amount of equities bought, to bring the portfolio holdings up to normal size, fell in value by 16 per cent, broadly in line with the decline in the index. A major disaster was MGM, but there was an actual gain on the US shares bought overall.

There was one totally unexpected windfall. For 20 years or so, the portfolio had a small shareholding in Sunderland and South Shields Water, which was regarded as a fixed-interest stock because of its maximum dividend. With talk of privatisation, its share price rose from £57 per £100 of stock in June 1987 to a nominal £750 in June 1988. We sold out, gratefully, at £500.

Apart from that freak, the accompanying table lists the seven shares in the portfolio which did best and worst between June 1987 and June this year.

During the past year, a gilts holding of £500,000 Exchequer 10.5 per cent was redeemed and, in December, our World Bank D-Mark Bonds will also have to be redeemed. To replace them, it was decided to buy about £1m of medium-term

Academic Investor updates the story of his Oxbridge college's portfolio

gilts. The choice was 15 per cent Exchequer 1997 because the high coupon (interest) means that an unusually large part of the return will come in the early years when we are confident sterling will remain strong, so allowing the pound to buy more goods than in later years. A non-taxpaying organisation like a college does not mind having a loss in capital value if it is compensated by receiving extra income.

Apart from that decision, though, the 1988 review did not recommend any change in our "buy and hold" strategy, in spite of the so-called setback in 1987/88. Our sales amounted to only 3 per cent of the total portfolio, and the main action to be taken is to trim the holdings that have become unduly large and top up those below our normal size range. There was enough money over to add one new investment – Marks & Spencer – to the portfolio.

One problem was the holding in Davies and Newman. The share price had risen by 25 per cent by the valuation date and jumped further during the three weeks before the date of our meeting. This gave us an ultra-large holding and we had been warned that the market in the shares was very restricted. In the event, wa were able to sell about £140,000 worth of the shares at around £7 each. This represented double the original cost of our entire holding, hut what remains still is larger than our principle of "spread" would suggest as ideal.

The college portfolio has beaten the FT index performance (income plus appreciation of capital) in 28 of the past 35 years and the income yield is always higher than on the FT-30 or All-Share indices. The system used is very simple, aimed at achieving basic objectives: a good income now with every prospect of this continuing, in real terms, for the next century or two.

From the beginning, no attempt ever has been made to predict the future price of any security. All purchases are made as if they were to be held forever. The fund always is kept invested fully and spread widely. The original 48 shares were selected in an hour from the list which appeared originally on the back page of the *Financial Times*. The cboice was based on the principle of having at least one holding from each sector unless the four people on the investment committee agreed otherwise, unaminously.

This might sound very simpla but the results over the years have been very satisfactory, especially when compared with what would have happened if the money had been invested instead in the FT-30 index stocks. Indeed, the returns achieved are almost frightening for a college which relied traditionally on government bonds for investments.

An investment of £100 in 1953 in the college portfolio would have been worth £3,592 in June this year despite all the income being paid out each year (which, in 1987/88, was equal to £171 per £100). If the annual income had been re-invested, the value of units bought in 1953 would have been well over £30,000 in 1988.

The college is, however, much more concerned with the results in real terms. Adjusting for inflation, at 1953 prices, the capital value of the portfolio per £100 would be £346 and the annual income £16.4. If the income had been re-invested and allowed to accumulate, £100 would now be worth £2,942 at 1953 prices – a compound growth rate of about 10 per cent a year.

The success of the college portfolio should be of some comfort to those in charge of funds who do not wish to become involved with continous attention to market movements or elaborate analysis of the prospects for individual companies.

COLLEGE PORTFOLIO

WINNERS		LOSERS	
1. Britoil+	+70%	1. Calcutta Electric-	-58%
2. Cadbury Schweppes	+44%	2. Chiron	-38%
3. Scottish & Newcastle Breweries	+27%	3. G.E.C.	-37%
4. Davies and Newman+	+25%	4. Genentech-	-36%
5. Racal	+24%	5. B.P.+	-34%
6. Inchcape+	+18%	6. Avon Products-	-33%
7. Boeing-	+16%	7. Courtaulds	-31%

+A "winner" in 1987 -A "loser" in 1987

FINANCE & THE FAMILY

Insuring old property

Recently, you suggested that insurance should be taken out to cover the cost of reinstating a property in the event of total loss. I can but agree with your suggestion where a modern property is concerned. However, what would be your answer if the property concerned was a 300-year-old cottage, Grade II-listed, which it is impossible technically to "reinstate?"

There is also the matter of a bank or building society, which lends to the owner of such a property, insisting it is covered "fully" by insurance. My understanding of such a requirement has always been that insurance should be for the house's market value. Would you care to comment?

Third, and most important, if a cottage like this is insured for its market value, is it *likely* the *insurers (Lloyds)* would pay that amount or would they pay only for building another property of a similar size.

Even with s property such as you describe, the normal course would be to insure to cover reinstatement; that is, rebuilding to replace as far as is possible the building which would have been destroyed. This can be done with old buildings. If you wished to cover for market value or for the cost of an equivalent property, you should negotiate express terms to that effect with your insurer.

Trust fund is taxable

I have recently set up a trust in fsvour of my two grandchildren, aged six and three respectively, with a sum of £10,000. The trust deed has *been executed* and two trustees appointed. The deed provides for a first repayment to my grandchildreu as they reach the age of 21 years.

I understand that the funds, which are at present held on deposit at the bank, must initially be invested equally between "narrower" and "wider" range investments.

Could you please advise me if the investments will be liable to taxation?

Your best source of guidance on the investment powers which you have given to the trustees, as well as the income tax and capital gains tax liabilities, is the solicitor who prepared the trust deed for you, since he or she knows the precise terms of the trust – as well as the relevant trust and tax law. On the bare facts outlined, the income and capital gains of the trust fund will attract tax at 35 per cent.

Son needs house

Could you please answer the following questions? (1) (a) Would a property bought for my son, a second-year university student with accommodation difficulties, count as a gift liable to tax if held in his name? (b) Ditto if beld in mine? (2) Would such a property, held in my name and occupied by him rent-free, affect my tax position? I am a standard-rate taxpayer. (3) On the eventual sale of it, if held in my name, would tax be payable on any gain?

I *am* joint *owner* with my husband of our bome. My son depends financially on us (by a £2,000-a-year covenant) until his education ceases.

The availability and cost of studeut accommodatiou is beartbreaking. However, my son's university is in an area of comparatively low housing prices, and the purchase of a humble but adequste *pied-à-terre* would do much to ease his burden.

1. (a) Yes, unless there was evidence that you had retained beneficial ownership. (b) No, unless there was evidence that you held the property as bare trustee for your son.

2. No, except for the question of capital gains tax on any eventual sale.

3. Yes (subject to the normal rules of capital gains tax).

Qualified guarantee

My donble-glazed windows have begun to steam up within the five-year guarantee period, which expires on January 1, 1989.

They were installed by the previous owner of this house who is dead. I bought the house from his widow in October 1985.

Normally, I would notify the installer immediately with a request to honour his warranty. However, there is a clause in the warranty which reads: this warranty is not transferable and applies to the above-named customer only.

Is it legal to restrict the application of the warranty in this way? Surely it applies to the product, not the customer, especially when it is a fixed item like windows which are still in place where the manufacturer installed them?

If so, should I go ahead and make my claim?

If the manufacturer refuses on the ground that I am not the original customer, and I take legal action, would the court uphold him or me?

It is not unlawful for the *supplier to restrict* the warranty, as has been done in this case. You should try making a claim and hope that the point will not be taken. However, a court would most probably uphold the express limitation to the individual customer.

Gifts for family

I am approaching retirement and wish to make arrange*ments for making* a *gift to my* grandchildren, aged three, seven and 10.

I have equity investments which I look after myself and which are an interest for me. I wish to transfer the portfolio now to my grandchildren, but in such a way that they receive its value when I die. Meanwhile, I wish to retain control of the investments, being free to buy and sell as I decide.

How should the gift best be made and are there any precautions I should take to ensure that the gift will definitely be treated as being outside my estate?

You could make a gift of the shares in the portfolio to trustees to hold on trust for the grandchildren. (You might need to make special provisions if you do not want each child to become entitled when it reaches 18 years of age.) You can make a direction that the trustees shall invest and transpose investmeuts on your advice, but you will need also to have a very clear provision excluding you from all benefit.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Home is a prison

If you find a solution to the following problem, you will save a lovely lady much hardship. In 1982, Mrs X was separated. She received from her husband some capital to buy herself a home. At the time, Mrs X was an alcoholic in a shaky state of mind and had a relationship with a man of whose integrity one could not be sure.

To prevent any possible abuse of confidence, the family advised Mrs X to purchase the property and register it in three names – her own and her two children.

Mrs X now is healthy – and her propsrty is worth three times more. She needs to sell it and move elsewhere. She has been told that tax will be due on two-thirds of the large capital gain.

This means she could switch only to a much-cheaper property. She has, in fact, become a kind of prisoner of her property and feels rather desperate about it.

Is there a way around this problem? Remember that the children have contributed no money to the purchase and no acts of gift were registered at the time.

It is possible to seek to resolve the problem by getting all three owners of the legal estate to execute a declaration of trust which recites the provision of the whole of the purchase price by Mrs X and declares that the property is, and has from the date of its purchase, been held for Mrs X alone in equity. This, of course, requires the co-operation of the children; even then, it will succeed only if the Capital Taxes Offices do not take too strict a line on the presumption of advancement which normally would arise in favour of the children.

Eric Short on a life company taking the bond route at last

Equitable's 20-year itch

JUST WHEN we all thought that the days of life assurance bonds were numbered, who should offer them the opportunity of a new lease of life but Equitable Life Assurance, Britain's oldest mutual life company.

The issue of whether intermediaries should sell linked-life bonds or the underlying unit trusts has been debated at length. But with the advent of the financial services legislation *and* the *best-advice* requirement, it is now felt that intermediaries should and will be marketing unit trusts instead of linked bonds.

Equitable Life has not tried to hold back the financial services tide by introducing a linked-life bond. Instead, it has produced a new product – the with-profit bond.

When companies, spearheaded by Abbey Life under Sir Mark Weinberg, were developing the linked-life bond two decades ago and making it a best seller, traditional life companies made uo attempt to produce a comparable product. So why has Equitable Life taken this route 20 years later.

The catalyst was October's stock market crash which, rightly or wrongly, has made many investors disillusioned with *equity investment*. This has given life salesmen the opportunity to extoll the virtues of with-profit contracts – a degree of equity investment, but without the volatility.

Equitable Life feedback from its sales force is that many of its investors like the bond concept *with its income with*drawal facility, but they don't like the equity volatility.

However, the standard reversionary bonus system of with-profits does not adapt readily to the construction of single premium bonds incorporating an *income withdrawal facility*. This probably is the reason why, until now, traditional life companies have not produced a with-profit bond.

So, the product designers at Equitable Life have used the bonus interest system, uow common with traditional pension plans, to design their with-profits bond.

This bond is the usual open-ended format and operates in the following manner. Investors pnt down a cash sum investment. After a deduction for expenses and the slight mortality *risk*, the money is invested in the with-profits fund, the bond being written as a cluster of 100 policies.

The deduction operates on a sliding scale, from 5 per cent for investments under £10,000 (*minimum investment £500*) to 3 *per cent for £100,000 or more* and 1 per cent for the excess on *investments over £200,000*.

The bonus interest rate will be declared as part of the annual bonus declaration package made early in spring. It will be applied to the existing value of the bond (the original investment less charges, plus attaching bonuses less withdrawals) at the beginning of April each year. Wheu the bond ultimately is cashed-in, a final (terminal) bonus is payable.

The cash-in and withdrawal facilities are complex. If the bond is cashed-in on the 10th anniversary or on any subsequent fifth anniversary, the amount paid is the existing value of the fund standing to the credit of the bond. This value is guaranteed.

However, if the bond is cashed-in at any other time, a non-guaranteed surrender value is paid – the existing value less any surrender penalty. On death, the full value is paid, with a minimum payment of the original investment less any withdrawals.

Withdrawals *are even* more complicated. Investors can make the usual bond withdrawal of up to 10 per cent of the original capital, free of basic-rate tax. Higher-rate tax on the first 5 per cent is deferred until eventual cash-in.

If the withdrawal is made at the end of each policy year, there will be a full bonus allowance and the deduction is made from the guaranteed value. However, if withdrawal is made at any other time, there is no bonus guarantee and the deduction is made from the surrender value.

A warning has to be given here. Any withdrawals higher than the added bonus mean that the investor would be eating into the original capital and accrued bonuses, possibly without realising this was happening.

Although no bonus *rate* has been indicated by Equitable Life, the rate on a compatible product, Flexible Protection, is 7.75 per cent. Thus, it would appear thet investors should play safe and make withdrawals only at the end of the policy year, keeping within the declared bonus.

This structure appears to be over-complicated. It is difficult to see why there is the need for both guaranteed and non-guaranteed cash-in and withdrawal benefits.

The bond should be compared with Equitable Life's guaranteed income bond, a combination of a with-profits endowment and a temporary annuity. Or, if income is required throughout life, then it should be compared with a combination of a with-profits whole life policy and an annuity.

CHESS

THE ATTRACTIVE Swiss lakeside town of Biel has for more than a decade hosted one *of the leading chess congresses* on the European summer circuit. Nearly 1,000 players arrive every July for a grandmaster invitation tournament, a master event with the participation of leading women, and open-to-all title norm tournaments.

Biel 1988 was a notable first prize for the 19-year-old Yugoslav champiou Ivan Sokolov, who tied with Gulko (US) ahead of three strong Russians. Britain's lone entrant, James Howell of Oxford University, shared third place in the masters' open.

The dramatic feature of the congress was a game where the reigning junior world and Indian champion, Anand, lost in only six moves, probably a negative record for any reigning world titleholder.

Anand, who has this week been playing in the Kleinwort Grieveson BCF congress at Blackpool, is an exceptionally fast mover and often completes an entire game of 30-40 moves in half an hour or less on his clock. This puts opponents under pressure, but does increase the chance of a careless slip.

White: A. Zapata (Colombia).
Black: V. Anand (India).
Petroff Defence (Biel 1988).

1 P-K4, P-K4; 2 N-KB3, N-KB3; 3 NxP, P-Q3.

Beginners regularly fall for 3 . . . NxP? 4 Q-K2, N-KB3? 5 N-B6 dis ch winning the queen.

4 N-KB3, NxP; 5 N-B3, B-B4??

White's unusual fifth move can be simply met by NxN or eveu P-Q4. Black instead decides to develop, but there is a fatal flaw.

6 Q-K2, Resigns.

Black drops a piece after 6 . . . P-Q4; 7 P-Q3. An attempt to avoid material loss by 6 . . . Q-K2 fails to 7 N-Q5 when if Q-Q1; 8 P-Q3 or Q-K3; 8 NxP ch.

Despite this brief outcome, Black deserves praise for sportsmanship. In these professional times, many masters would drag out such a position a piece down to move 25-30 before resigning, purely to reduce the risk of their disaster being published all round the world.

Biel's crisp alpine air encourages inventive attacking play. Here, the world woman champion sets up an unusual central pawn formation, aiming for a strong knight outpost; but her time-consuming plan leaves the white king stranded in the centre. Black, the leading grandmaster of Asia, counters with an imaginative and decisive pawn sacrifice at move 16.

White: M. Chiburdanidze (USSR).
Black: E. Torre (Philippines).
Ruy Lopez (Biel 1988).

1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5, N-B3; 4 P-Q3.

More active is 4 O-O, NxP; 5 P-Q4.

4 . . . P-Q3; 5 P-B4.

This is a known idea when Black already has played . . . P-QR3 and White's QR4 bishop can retreat to QB2; here the plan is dubious.

5 . . . B-K2; 6 N-B3, O-O; 7 P-KR3, N-Q2; 8 B-K3, B-B3; 9 N-Q5, N-Q5; 10 NxN, PxN; 11 NxB ch, QxN; 12 B-B1, N-B4!

Exploiting the *offside* bishop.

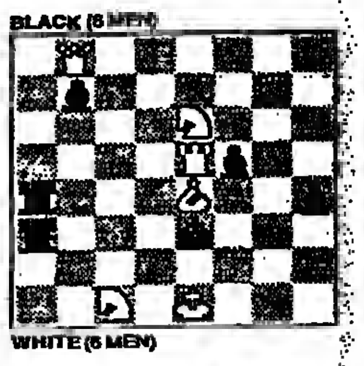
13 P-QN4, P-QR3; 14 B-R4, NxB; 15 QxN, Q-N3; 16 P-N4, P-KB4!

Refutes White's entire strategy, for if 17 KPxP, BxP; 18 PxB, Q-N7; 19 R-KB1, QR-K1 ch and White cannot even escape by 20 B-K3, PxB; 21 *O-O-O* because of P-K7 forking her rooks.

17 B-N2, PxKP; 18 BxP, PxP; 19 B-K3, B-K3; 20 Resigns.

White will soon lose more material (20 Q-N3 or P-N5, Q-K5) when Black's pieces and passed pawn *will combine for a* winning attack.

BLACK (6 MEN)



WHITE (6 MEN)

PROBLEM No. 735

White mates in two moves, against any defence (by J. Laybourn, 1891). Not many pieces, but a startling key which became known as the "Red Indian" theme due to White's unusual warpath to the black king.

Solution Page XV

Leonard Barden

BRIDGE

MY FIRST HAND is from teams-of-four. Here is Poor Investment:

N
♠ Q J 8
♥ 7 5 4
♦ A 6 3
♣ 10 9 8 3

W
♠ 3
♥ K J 8
♦ Q J 9 8
♣ A K Q 7 4

E
♠ 6 5
♥ 9 6 3 2
♦ K 10 7 2
♣ 6 5 2

S
♠ A K 10 9 7 4 2
♥ A Q 10
♦ 5 4
♣ J

With both sides vulnerable, South dealt and began with one spade. West over-called with two clubs, North raised his partner to two spades, and South's jump to four spades concluded the auction.

West started with the ace of clubs, on which declarer dropped the knave, and followed with the king. Ruffing in hand, South drew trumps with ace and knave, led a heart from the table and finessed his 10. The knave won.

West switched to the queen of diamonds, which lost to the ace, and dummy played another heart for a finesse of the queen. West had the king and a diamond return defeated the contract. "Unlucky," said South, "that both finesses were offside – it was a 75 per cent chance."

But why accept any chance if yon can invest in a certainty? When he has drawn the *trumps, South should play* dummy's 10 of clubs, discarding his other diamond from hand. West takes with his queen and leads another diamond. South ruffs, crosses to dummy via the queen of spades, and discards his 10 of hearts on the nine of clubs. His contract is safe and he can try the heart finesse for an overtrick.

West should lead the diamond queen at trick two, but South can still get home. He wins with dummy's ace and returns the 10 of clubs, throwing his last diamond. East cannot obtain the lead for the killing heart return and declarer has time to establish a club for his 10th trick.

The next hand comes from rubber bridge of reasonable standard:

N
♠ 5
♥ K J 7 3
♦ A K Q 10 2
♣ K 8 5

W
♠ 10 9 3
♥ A 10 9 5
♦ 5 4 3
♣ J 7 2

E
♠ J 8 7 6 2
♥ –
♦ J 9 8 7
♣ 10 6 4 3

S
♠ A K Q 4
♥ Q 8 6 4 2
♦ 6
♣ A Q 9

South dealt at game to North-South and opened with one heart. North forced with three diamonds, South rebid three spades and North said four clubs. South then bid four hearts. This encouraged North to bid six hearts and all passed.

West led the 10 of spades. South won and led the two of hearts to the king in dummy. East showed out, West had to make two trump tricks, and declarer cried out against Dame Fortune.

South had only himself to blame. He should have seen that only four trumps in one hand could cause any problem. If East had them, nothing could be done; but if West had them, his nine and 10 could be picked up by two finesses.

At trick two, South should play his heart queen. West takes with his ace and East shows out. West switches to the diamond four, dummy wins, the declarer crosses to his club ace and advances the two of hearts. West plays the nine and the knave wins. South crosses to hand via the club queen to take a finesse against West's 10 of trumps, draw the last trump and score his slam.

A little thought at trick one makes a lot of difference.

E.P.C. Cotter

FTBI

FINANCIAL TIMES GUIDES

INVESTMENT TRUSTS

by Anthea Massey

Investment trusts are one of the best kept secrets of the investment world. This guide has been written to dispel the mystique and provide the investor with clear and concise information on how to move into and maximise the advantages of this long-established sector of the investment industry.

Highly illustrated with tables and graphs, the book gives a step-by-step guide to the various options available for the investor: it explains complexities such as discounts and warrants, and gives guidance on how to choose and how to buy shares in an investment trust.

Contents include: What is an investment trust ● How an investment trust works ● Investment trusts versus unit trusts ● How to buy investment trust shares ● The different types of investment trust ● The different ways of investing ● Split capital investment trusts ● Warrants ● Choosing an investment trust ● The managers ● Reading the charts and ratios ● Reading and reports and accounts ● Where to go for information ● Savings schemes for the small investor ● Takeovers ● Glossary ● Index.

Published August 1988

UNIT TRUSTS

by Christine Stopp

Why should you become a unit trust investor? Will a unit trust perform better than a building society account? Why unit trusts rather than shares? This guide answers these and other questions and outlines all you need to know to make an informed investment decision about unit trusts. The book provides a detailed explanation of how unit trusts work, how to choose the most appropriate trusts for your circumstances, and how to assess their performance.

The text is copiously illustrated with examples and graphs and is ideal both for beginners to this market and for the more experienced investor.

Contents include: Why should you buy a unit trust ● What are you buying ● Looking at performance ● How to use a unit trust ● Unit trusts for income ● How to deal in unit trusts ● Getting advice ● Pricing, distributions and tax ● Unit trusts or insurance bonds ● The future for unit trusts ● Table of management groups ● Glossary ● Index.

Published September 1988

ORDER FORM Please return to: The Marketing Dept., Financial Times Business Information, 7th Floor, 50-64 Broadway, London SW1H 0DB. Tel: 01-799 2002. Telex: 927282. (mail order address only)

Please note payment must accompany order. Prices include postage and packing

Please send me*

Office only	Title	Qty	UK price	Overseas price
4546 0293	Financial Times Guide to Investment Trusts. ISBN 1 85334 018 9		£8.95	£11.00 US$16.00
4443 0298	Financial Times Guide to Unit Trusts ISBN 1 85334 015 4		£8.95	£11.00 US$16.00

I enclose my cheque value £/US$ ______ made payable to FT Business Information.

Please debit my credit card (mark choice)

☐ Visa ☐ Access ☐ Amex ☐ Diners

Card No. ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Card Expiry Date ______

☐ *I wish to order 5 or more copies. Please send me details of bulk order discounts or telephone ______

(BLOCK CAPITALS PLEASE)

Mr/Mrs/Miss ______

Title ______

Organisation ______

Address ______

Postcode ______ Country ______

Signature ______ Date ______

Please allow 28 days for delivery. Refunds are given on books returned in perfect condition and within 7 days of receipt.

Registered Office: Bracken House, 10 Cannon Street, London EC4P 4BY.

Registered in England No.980896.

867

What do the Top 100 UK Companies do – and how well do they do it?

Now at last you can find out.

FTBI

The 1988 Investor's Companion to the Top 100 UK Companies is the first and only comprehensive guide to the components of the FT-SE 100 Share Index.

Published by FT Business Information, it is the Blue Chip Bible. With its unique and innovatory format it explains how each company works, provides a perceptive appraisal of their performance and analyses each company's operations and business.

Each entry covers ✦ major activities ✦ financial history ✦ share price history ✦ senior management ✦ capital ✦ group review ✦ geographical review ✦ directors and holdings ✦ market capitalisation ✦ share structure ✦ convertibles ✦ warrants ✦ shareholders over 5% ✦ brand names ✦ principal subsidiaries ✦ brokers ✦ advisers ✦ registrars ✦ head office ✦ five year stats. on turnover ✦ pre-tax profits ✦ yield ✦ asset value ✦ dividends ✦ share price highs and lows.

It is the essential handbook for the successful investor and a vital addition to every professional adviser's library.

Simply complete and return the attached Order Form to make sure of your copy.

ORDER FORM

Please return to: The Marketing Department, Financial Times Business Information. 7th Floor, 50-64 Broadway, London SW1H 0DB. Tel: 01-799 2002. (Mail order address only.)

Please note payment must accompany order. Prices include postage and packing.

Please send me ____ copy/copies* of The Investor's Companion (Price per copy £15.95 UK or £18/US$30 overseas).

I enclose my cheque value £/US$ ______ made payable to FT Business Information.

Please debit my credit card (mark choice): ☐ Visa ☐ Access ☐ American Express ☐ Diners

Card No. ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Card expiry date ______ *I wish to order 5 or more copies.

Please send details of bulk order discounts (BLOCK CAPITALS PLEASE) or telephone ______

Mr/Mrs/Ms ______

Title ______

Organisation ______

Address ______

Postcode ______

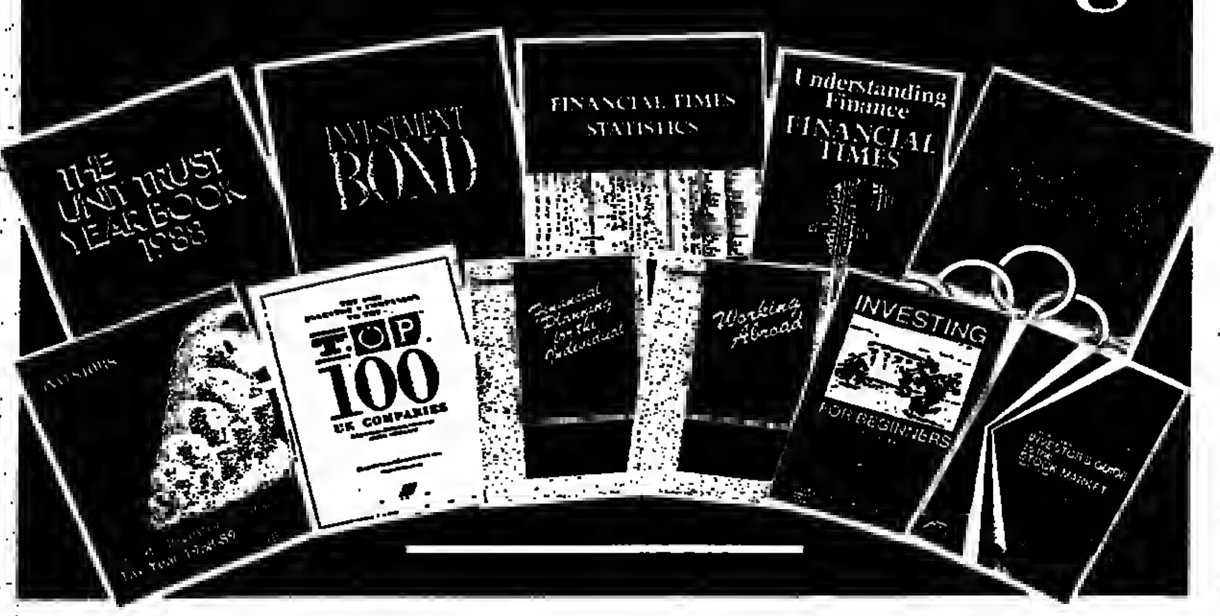
Country ______ Date ______

Signature ______

Please allow 28 days for delivery. Refunds are given on books returned in perfect condition and within 7 days of receipt. Registered Office: Bracken House, 10 Cannon Street, London EC4P 4BY. Registered in England No. 980896. 000580

FTBI

Financial Times Guides to Investment and Financial Planning



Unit Trust Year Book 1988

The explosion in activity in the unit trust market means that the investor now faces a choice of more than 1,200 authorised trusts offered by more than 160 management groups. The Unit Trust Year Book 1988, extensively revised and updated, simplifies this daunting task. By providing comparative performance tables for both individual unit trusts, sector performance and management groups, the Year Book offers a wealth of statistical information on which investors can base their choice.

Published May 1988

Investment Bond Year Book 1988

Designed as a companion to the successful Unit Trust Year Book, the Investment Bond Year Book fills a major gap in the published information available on investment bonds and the linked insurance funds. The Year Book specifies the benefits of a single premium investment-linked policy, defines its potential benefits, illustrates the range of options available, analyses the products in the market, assesses their relative merits and calculates and compares performance.

Published May 1988

Private Investor's Ledger 1988-89

The ledger enables the private investor to keep a total record of all his investments in one place. Making entries and calculations becomes easy and convenient. Purpose-designed sections enable you to record in a professional way your fixed interest stocks, shares, overseas investments, monthly valuations, Building Society and bank deposits, National Savings and all other investments and insurance policies. There are key data from this year's Budget, updating information on tax rate allowances, and Capital Gains Tax. Back-up information and reference data on dealing and taxation are also provided.

Published April 1988

The 1988 Investor's Companion to the Top 100 Companies

This is the first and only comprehensive guide to the components of the FT-SE 100 Share Index. The Investor's Companion explains how each company works, provides a perceptive appraisal of their performance, and analyses each company's operations and business position. Introductory articles cover financial and technical analysis, traded options and city economics. Written in association with Shearson Lehman Hutton Securities—one of the UK's leading stockbrokers and market makers—this is the essential handbook for the successful investor and a vital addition to every professional adviser's library.

Published June 1988

Financial Planning for the Individual

by Alan Kelly, Partner, Grant Thornton (2nd Edition)

This guide provides you with essential information on investment planning, unit trusts and investment bonds, pension arrangements, tax planning, personal pensions, personal equity plans, a Personal Financial Planning Questionnaire and a 'Dying Tidily Log'. A 1988 Budget Addendum is included. Published in association with the Institute of Chartered Accountants.

Published October 1987

A Guide to Financial Times Statistics

(Revised Edition)

Do you really know how to get the most out of the statistics pages of the FT? The Guide provides the answers. It gives all the information to make the FT work for you and enables you to benefit financially. It includes a revised chapter on commodities, and essential information on the World Stock Markets following the Crash of '87. Invaluable to both the expert and the general reader wishing to know how the market works.

Published April 1988

Working Abroad—The Expatriate's Guide

by David Young (3rd Edition)

Considerably expanded the 3rd edition of Working Abroad is the indispensable guide to living and working overseas. Offering advice on all the essential aspects—both personal and financial—of moving and working abroad, the book helps expatriates to maximise the benefits of overseas employment.

Published November 1987

Understanding Finance with the Financial Times

by Terry Byland, FT Journalist

As the title suggests, this book in conjunction with the Financial Times will help explain the workings of the financial world. Contents include: the workings of the Stock Exchange following the Big Bang of 1986, the calculation of the FT index, the London Share Information Service, Trading on the Stock Market, the Government Securities Market, UK company results, takeover bids, International company results and progress, the International Capital Markets, commodities and Agriculture, UK and International economic news, national and international editions. Essential for executives, new investors and students.

Published February 1988 by Harraps

Public Relations Year Book 1988

The Public Relations Year Book, published in association with the Public Relations Consultants Association, gives you instant access to the best PR has to offer. It is full of relevant information on the many experienced and professional member consultancies operating today, and their particular specialisations. Whether you are already using a PR consultancy or are considering using one, the Public Relations Year Book will help you to decide the most suitable solution for your organisation.

Published January 1988

Investing for Beginners

by Daniel O'Shea (3rd Edition)

This investment guide analyses in a practical way the basic principles of stockmarket investment, discusses the advantages of different categories of quoted investment, examines a whole range of related essentials such as the interpretation of company accounts, and gives an up-to-date review of relevant tax rules. An ideal guide for people new to the stockmarket, as well as experts.

Published January 1987

Investor's Guide to the Stockmarket

by Gordon Cummings (4th Edition)

Completely revised and updated in the light of the 'Big Bang' this edition explains the workings of the stockmarket and how to profit from it the D-I-Y way. It gives advice on how to set up and manage an investment portfolio, and make the best use of your capital.

Published November 1986

ORDER FORM

Please return to:
The Marketing Department, Financial Times Business Information, 7th Floor, 50-64 Broadway, London SW1H 0DB Tel: 01-799 2002 (Mail order address only).

Please note payment must accompany order. Prices include postage and packing.

OFFICE USE ONLY	Please send me copy/copies* of
4480 0015	☐ Unit Trust Year Book 1988 (£25.00 UK or £30.00/US$45 overseas)
4534 0285	☐ Investment Bond Year Book 1988 (£25.00 UK or £30.00/US$45 overseas)
4571 0220	☐ Private Investor's Ledger 1988-89 (£6.50 UK inc VAT)
4510 0290	☐ The Investor's Companion to the Top 100 1988 (£15.95 UK or £18.00/US$30 overseas)
4340 0270	☐ Financial Planning for the Individual (£9.50 UK or £12.00/US$17 overseas)
4376 0155	☐ A Guide to Financial Times Statistics (£11.50 UK or £13.00/US$19 overseas)
4455 0040	☐ Working Abroad (£8.95 UK or £11.00/US$16 overseas)
4558 0280	☐ Understanding Finance with the Financial Times (£5.95 UK or £8.00/US$12 overseas)
4467 0060	☐ Public Relations Year Book 1988 (£19.50 UK or £23.50/US$38 overseas)
4303 0260	☐ Investing for Beginners (£9.50 UK or £12.00/US$17 overseas)
4297 0215	☐ Investor's Guide to the Stockmarket (£9.50 UK or £12.00/US$17 overseas)

*I wish to order 5 or more copies. Please send details of bulk order discounts or telephone ______

I enclose my cheque for £/US$ ______ made payable to FT Business Information.

Please debit my credit card (mark choice)

☐ Amex ☐ Diners ☐ Access ☐ Visa

Card No. ______

Expiry Date ______ Signature ______

BLOCK CAPITALS PLEASE

Mr/Mrs/Ms ______

Title ______

Organisation ______

Address ______

______ Postcode ______

Country ______

Signature ______ Date ______

Please allow 28 days for delivery. Refunds are given on books returned within 7 days of receipt and in good condition. FT Business Information Ltd. Registered Office: Bracken House, 10 Cannon Street, London EC4P 4BY. Registered in England No. 980896.

000589

PROPERTY

Leave room for the good life in town

City dwellers are unaware of the high price they pay to protect the countryside, says **John Brennan**

HOME-OWNERS IN towns are paying with their gardens, and quality of life, to preserve a largely mythical image of rural Britain. That, put bluntly, lies at the centre of the case made by Professor Alan Evans for a radical overhaul of Britain's planning laws and for a fresh look at town and country development.

Evans, professor of environmental economics at Reading University, argues thet city dwellers largely are unaware of the high price they are paying for planning constraints that force development and redevelopment activity into towns.

In an occasional paper called *No Room! No Room! The Costs of the British Town and Country Planning System*, published by the Institute of Economic Affairs, Evans highlights the eccentric consequence of planning regulations which ensure that "accessible open space, the space where most people live, primarily garden space, is developed and built over in order to preserve inaccessible open space, land in rural areas which few can visit because land so preserved is almost invariably private."

Evidence in support of Evans' case comes in the form of a residential development survey of the Royal Borough of Kensington and Chelsea, published today by agent Knight Frank & Rutley.

Kensington & Chelsea covers 3,014 acres. Within the whole of this central residential area of London, from Chelsea embankment to the north of Westway and the borders of Paddington, from Knightsbridge across to Earl's Court and Holland Park, the last survey, in 1961, uncovered just four acres of land identified as suitable immediately for residential development.

By the environmental standards applied in the countryside, those four acres might justify adding either a single, fairly large family home with a manageable garden, or a small estate of 25 or 30 houses to the borough's existing 82,300 homes. However, by the environmental standards which have come to be accepted within London and within most urban areas throughout Britain, the acute shortage of development space has not prevented the borough from becoming the focus of the most active residential building programme in London outside Docklands.

According to the survey, 1,949 flats and houses are under construction in Kensington & Chelsea, a further 350 have planning consent, and another 822 units are proposed in the immediate future.

Even those figures fail to reflect the extent of housing development in the heart of London because they exclude the hundreds of individual property conversions and small developments in the area which produce fewer than five homes. They also take no account of tha extensions which progressively cover the remaining green patches of private gardens. However, tha London Planning Advisory Committee has recommended that Kensington & Chelsea should increase its housing stock by a minimum of 8,700 homes between 1987 and 2001.

Dick Ford, the partner in charge of Knight Frank & Rutley's Kensington office, does not regard the pace of development as any threat to values. He says: "Certainly, people will have a lot to choose from, but there is a very definite cachet about living in the centre of London; and for everyone who says that they want an older property because they want the higher ceilings and the space, there are an equal number who want a new place because it is less trouble and because so many of the new schemes offer parking."

Kensington & Chelsea's traffic problem provides a classic example of one of the consequences of ever more dense urban development. The survey reports that, in 1961, nearly half of all households in the borough owned a car and 15 per cent owned two. Even though the population of the borough is declining, a forecast increase of 15 per cent in the number of residents' cars by 1991 will further slow the pace of the estimated 100,000 cars that now crawl their way through the area every week day.

In the meantime, in a part of London where a single car parking space would now cost anything from £20,000 to £30,000, there can be no doubt that the intensity of development already is having a profound effect on the quality of life of the residents. According to Evans, that is one of the hidden costs of our approach to planning today.

He writes: "It is especially ironic when the economic pressure for redevelopment to higher densities affects urban conservation areas so that, in effect, an urban conservation area is destroyed (because one cannot stand in the way of progress) in order to preserve the rural environment (where, apparently, one can.)

"Moreover, this reduction in the quality of the urban environment affects all the inhabitants of the urban area. So, although owner-occupiers may make capital gains from the increase in the value of their housing, they are made worse off through the reduction in the quality of their immediate physical environment. The only unequivocal gainers are those, not unknown among the aristocracy of England, who live in a preserved rural area and own property in urban areas."

This is heresy, of course. The Kensington & Chelsea survey proves conclusively that, even in the most heavily developed of urban areas, where there is a will (and a ready market for the resultant flats) there is a way of squeezing development opportunities out of the least-likely sites.

Every leading housebuilder now has its high-profile urban development operation, turning everything from decaying council housing blocks to derelict cinemas into good, modern homes; and every building company now broadcasts the fact that it is following ecologically-sound principles by squeezing new homes out of urban landscapes and keeping off the grass in deference to the green belt lobby.

Evans sees the process of builders scavenging for urban land as destroying progressively the environment of the cities. You need look no further than the Knight Frank & Rutley survey to see that point illustrated in the figures showing that, out of all the 3,293 new homes being built, planned, or proposed within Kensington & Chelsea, only 140 are houses. It is a fair bet that not one of those will have more than, at best, a pocket handkerchief of garden space.

Evans dismisses the option of abolishing planning controls and allowing a development free-for-all because, he says, that would "result in falls in property values which would have a catastrophic economic impact."

Instead, he suggests that local residents affected by a proposed development should receive direct financial compensation. He believes that this would result in more development in the countryside, easing pressure on what remains of the urban green belt.

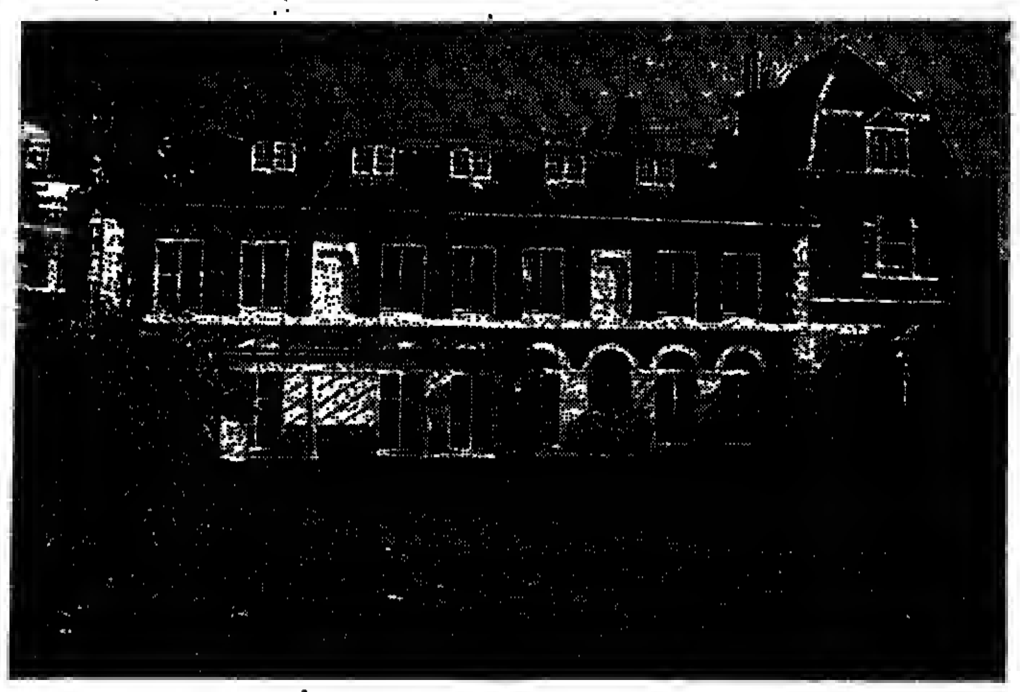
"In the end," he says, "it is for the people of Britain to decide whether they are paying too high a price for the 'preservation of the countryside.' It is sometimes said that if planning controls were relaxed, the whole of the south-east would be under tarmac. But this is pure hysteria. At present, only 19 per cent of the area of the south-east is urban . . . it is estimated that even if all planning controls were taken off, the proportion of urban area would rise only to about 28 per cent, and most of the additional urban space would in practice be garden space — space which is no longer available with new homes because it is too expensive."

This is a vision of the "suburbanisation" of the countryside which the conservationists oppose fiercely. They see it as a veiled restatement of developers' calls for more open fields on which to build.

What sets Evans' work apart is his identification of the price paid for preserving private farmland by people who live in urban areas. The price is all the higher since private farmland has little social value beyond the pleasure of its owners, apart from the occasional public right of way across otherwise enclosed fields. Also, much of this land has continuing commercial value only because of hefty direct subsidies and tax concessions.

The price of an unchanged country landscape is visible in the congestion on Earl's Court Road, the double-parked cars in streets where the facades of single Victorian family houses mask flat developments, and in the former factories and warehouses now packed with new flat-owners.

The professor's proposals to scrap the planning laws and start again may be considered radical. However, he does present a persuasive case for having just as effective a lobby to protect, or even to campaign for the revival of, the urban green belt as there is to preserve the surplus work space of the agricultural industry.



Lodge in Fulham

THERE ARE NOT too many country houses in Fulham — but then, Hurlingham Lodge is only technically a part of that traffic-clogged part of west London. The lodge, built in the grounds of Hurlingham Park in the 1850s, consists of a six-bedroom house with a four-bedroom, self-contained staff flat. Requisitioned by the military in the Second World War and used as the headquarters for barrage balloon defences, it passed to the local authority afterwards and was bought privately in 1984. Since then, it has been restored. Now, Chesterfield & Co (01-581 5234) is offering the house and large garden for £2.5m freehold.

Country Property

London Property

GARDENING

A sight to bristle a hedgehog's prickles

Penstemons, which transform August gardens, are Robin Lane Fox's recommendation for the 1990s

MORNING AND evening, a rather fst hedgehog takes a tour of the lawn, turns right by my bedding chrysanthemums and goes into a huddle in the long grass. On one view, be has heard the good news from the newts and is heading for the swimming pool, but is too shy to be seen unzipping his prickles to dive in public. On the other view, which I prefer, he directs his stroll to admire the penstemons which hava quite changed my gardening in August.

Perhaps this winter will mow them down, but the nurserymen's increasing range of these plants is almost all good news. They are not new varieties: indeed, some of them have been rescued, multiplied from cuttings in old family gardens, or kept going through the cold early 1980s by the narrowest of narrow escapes.

People who complain that their gardens go over to orange flowers in August or lose heart aftar the roses must he unaware of the soft colours in the best of these soft plants. They are admirable in small gardens and are particularly happy where you least often see them, in town gardens which hava narrow borders around such grass as survive the children and the dog. At most they are about two feet high; they ought not to cost more than £1.50 each and if yon like gardening, you need only buy a single plant. Next year, you can have dozens of your own from cuttings taken in antumn.

As always, some varieties are better than others. Think twice about the cottage curiosities, especially the one called 'Sour Grapes which has not *made up its mind if its flowers* are hlue, purple or green. This year, I am drawing the bedgebog with a plain white called Snow Storm which I bought from Hopleys of Much Haddam, Herts, an excellent source of supply hy post. They think it is one of the hardiest in their list, although my plants came out of a plastic tunnel in April. They have grown flat out and are better than the well-known Apple Blossom whose beavier flowers are edged with pink.

White gardens have yet to wake up to the charms of Penstemon Snow Storm when the edge has gone off the Iceberg roses and the giant Sea Kale is turning brown. Snow Storm, I think, is a winner.

So is the pale pink Pennington Gem, a taller plant which looks charming beside its exact contemporary, the hardy blne Agapanthus. In Oxford, we *have built up this combination* with intervening groups of silver-leaved Artemisias and the results do make me wonder why soma keen gardenara abandon August as a month of bedding plants and hot colours. Pennington Gem has survived outside since 1981, facing south, but without a wall. It is hardier than King George in my experience, though this lovely variety also has pale pink flowers, set off by a white throat.

Among the reds, the great survivor is Firehird, a genuinely hardy plant which verges on coral-red and is just short of first class. Like all penstemons, it flowers for much longer if you take off its stems of dead flowers to their base during the season. This pleasant task will extract the best from Alice Hindley, a good pale lavender-blue which has survived with *me for ten years, despite moving* about.

I am sure that these better penstemons should not be cut down in late autumn wben their upper stems turn brown in the frosts. Leave the top growth alone until April, because it protects them and stops them sending up defenceless young shoots at the first hint of spring. You should also hedge your bets by cuttings, taken now from shoots which are not flowering bnt which can be cut back to a join on the solid main stems. They root

amazingly quickly and will survive the winter in a cold *frame or an unheated room.*

I have recently named penstemons as my plant for the 1990s. The exciting prospect lies not so mnch with the soft-coloured bybrids, which are discounted in the market, as with the wild types from Western America which are beginning to be recollected for us and sent over as seeds and cuttings.

For some years, I grew Penstemon Eatonii whose apple-green leaves matched some bright scarlet flowers. Eventually, it died from over-flowering in summer, not frost in winter, but this well-known American garden plant taught me that we probably miss the best of the family in the wild.

To see tham yon have to hunt round botanical gardens. A few collected varieties have now reached Green Farm Nurseries, Bentley, Hampshire, but they have to be collected as they do not supply by post.

Give us ten years to sort out the best which America's Penstemon clubs can offer, and match them to British conditions: then, we will really have a sight to aet a bedgehog'a prickles bristling.

Country Notes

All smashed up over bog oak

ARTEFACTS MADE of bog oak have the distinction of being antique even when new. Scarcely any is left in the Fens which craftsmen can use, but time was when I had hundreds of tons of bog oak and would *gladly* have given it to anyone who wanted it.

My interest in bog oak began as a boy. The fenside village in which I grew up was on heavy alluvial soil, close to the Great Ouse. Farther north and east lay the peaty fens and I longed to explore them and maybe find a piece of bog oak. It would be proof of what I had read: that thousands of years ago the sea broke in and killed off what was then a forest of oaks.

The hankering to own and farm a piece of the real fens became a reality less than 20 years after I left school. As an adjunct to my nursery near Cambridge, I bought in 1938 a 200 acre farm in Burwell Fen, between Ely and Newmarket.

The plan to use *some of the* black soil for the nursery gave way to wartime dictates. But even before then, the plough had hit bog oaks. The first was no larger than horses could pull out, after digging to loosen it. But many more and much larger trunks were to come.

I was not to know in 1939 that the agricultural ministry would invite ma in 1941 to reclaim the 320 acres of derelict land which lay beyond my farm. It belonged to the National Trust *as part of* Wicken Fen. Some of it had never been cultivated and much had been dug for fuel turf, leaving it too low to farm. The River Board made radical improvements to the drainage and I became "a pestilential fellow" to the National Trust Committee in my zeal for reclamation.

Before 1941, however, bog oak was beginning to be much more of a nuisance than a thrill. The farmstead was nearly a mile from a hard road and I wanted to make the oak trunks into sleepers for a railway over the soft "drove" to the farm. But the circular saw blade was no match for bog oak. Within minutes it was blunt and making smoke from the iron-hard wood.

As bushes were cleared and turf pits filled in on the National Trust "Adventurers Fen," so the ploughs went in. Crawler tractors and "Prairie Buster" ploughs were fitted with safety catches and every oak they hit was marked. Men with spades dug round them and, often working in water, the bog oaks were at first rolled out with chains and then dragged away. So many were found – up to 100 feet long and weighing several tons – that explosives had to be used.

By 1944 the job was done and all was under crops. Apart from becoming the subject of my first book, *The Farm in the Fen*, I rather belatedly made a cinefilm of the reclamation task, which is now official archive material. Humphrey Jennings spent time there with me as his choice of a farmer when making his classic docu-

mentary, *Diary for Timothy*. But by 1944 the piles of bog oak were covering nearly two acres and most of it lay slowly crumbling away when I decided to move into Norfolk in 1946.

Bnt there was one other experience, which put an end to my active interest in bog oak. It was known that clay improved blackfen soil, and I had proved this at Burwell. Clay subsoil lay below the peat at varying depths, and with a local engineer a machine to bring up the clay was devised.

It took a year to build, and with high hope it was brought down from Wicken village for its trials. The outlandish contraption had to be powered from a tractor and I was the one to decide where to begin. An hour later it was smashed beyond repair. At the first attempt to dig a hole and bring up the clay, it hit a large bog oak which somehow the ploughs had missed.

Alan Bloom

Find that elusive pimpernel

Arthur Hellyer on books which lead you through the nursery jungle

ONE OF THE most remarkable horticultural developments of the last decade has been the great increase in the number of small specialist nurseries. There are now more than 600 of them scattered around England, Wales and Scotland and more are being started every year.

I have visited quite a number of them, seen exhibits from some at London and provincial flower shows and read about them in various publications. Several books have been compiled about them and for my purposes the most useful of these is The Plant Finder, prepared by Chris Philip and distributed by Moorland Publishing, Moor Farm Road, Airfield Estate, Ashbourne, Derbyshire. Price £7.95.

However, last week a new book appeared with the rather long-winded title, Guide to the Specialist Nurseries and Garden Suppliers of Britain. In many ways it complements the Plant Finder by giving more information about the nurseries, althougb it is far less specific about the plants they sell.

This latest book has been edited by Sarah Cotton from information supplied by the nursery owners and is published by Garden Art Press, Northiam, Sussex. Price £8.95.

Both hooks are well-organised and easy to use. The main part of the Plant Finder, 367 pages out of a total of 467, is devoted to a list of plant names.

These are arranged alphabetically under the genera to which they belong in the style of an index. However, facing each entry are letters, not page numbers, indicating the nurseries which stock the plant and the area of Britain in which they are situated. Nine such areas are London, sonthern England, soutb-western England, eastern England, the Midlands, Wales and western England, nortbern England, Scotland and Northern Ireland. This makes it easy to pick a nursery not too far distant from one's bome.

In a much shorter section of the Plant Finder these identification letters are also arranged

alphabetically and by district with tha names, addresses, telepbone numbers, hours of opening and business terms of the nurseries to which they apply.

There is much other useful information, including a list of the national plant collections set up by the National Council for the Conservation of Plants and Gardens. A great deal of thought has been given to plant-naming and in general the latest changes proposed by the botanical anthorities have been adopted. However, there is good cross-referencing to older, more familiar names.

It is this simple approacb from the plant to the nursery which I find most helpful. When I became interested in marguerites a few weeks ago the book enabled me to find sources of supply for several varieties that attracted my attention and within days I was in possession of them.

It has done me similar service on other occasions and is a constant source of help when readers ask where they can obtain scarce plants. However, it is not infallible, as I found recently when I tried to obtain plants of the Majorcan peony (cambessedesii) which the Plant Finder listed as stocked by David Austin Roses at Albrighton, near Wolverhampton.

When I inquired I was told that only the stock plant remained.

However, even that disappointment bad two useful results. I was told that peony seedlings are frequently attacked and killed by wilt, which probably accounted for the death of those I had been trying to rear.

I also discovered that this nursery, which I had previously *associated solely* with roses, particularly old varieties and new ones with an old-fashioned look, also has an excellent collection of hardy herbaceous plants.

The Plant Finder has also left me with two other nurseries said to stock the Majorcan peony so I still have a good chance of obtaining plants of this scarce species.

Sarah Cotton has adopted a totally different approach in her specialist nurseries book. She deals with plants in general terms and leaves it to readers to obtain the nursery catalogues in order to discover what varieties are offered.

Sbe is concernad mainly with nurseries and gives far more information about these *than the Plant Finder*. They are arranged alphabetically but there is an index in which they are listed under counties and this makes the book most useful to keep in the car along with the yellow guide of the National Garden Scheme and the commercially prodnced Historic Houses, Castles and Gardens Open to the Public. Then wherever ona may be, one can enjoy some horticultural discovery.

Both the specialist nurseries book and tha *Plant Finder* must have involved a lot of work, but especially for Chris Philip, who has apparently computer-recorded every plant in 300 nursery catalogues, giving him a total of more than 27,000 plants.

This makes nonsense of the widespread belief that British gardens are being denuded of plants by the greed of nurserymen and the inattention of gardeners.

Probably there was never a time when there was more widespread interest in plants or greater opportunity to indulge it

Timeshare

TRAVEL & MOTORING

The bumpy road to instant stardom

Alexander Norman plays the part of the itinerant sahib in Gurkha country

THE BUS trip out to Pokhara from Kathmandu is miserable, especially if you happen to be more than 6ft tall. The fantastically painted, tubercular jalopies which ply their way between Nepal's two principal cities were not fitted out with the western physique in mind.

Of course you can fly the 100 miles westward or, if you are especially diligent, you can get seats on the Swiss coach reserved for tourists. But that would be a cop out, for even if the journey by public transport is physically exigent, and even if you do end up with chickens clucking round your ankles, your knees round your ears, a goat on the seat behind breathing down your neck and a wailing, puking child sitting nearby on the lap of its serenely unmoved mother, it is a wonderful experience.

One can only guess at the reasons fellow travellers have for making the journey. If they are foreigners there are two main possibilities, but for the Nepalese, who knows? Perhaps they are taking the fruits of commerce in the capital back to family and friends.

The principal motive for foreigners, on the other hand, is that Pokhara is the gateway to the Annapurna range of mountains and one of the main trekking centres in Nepal. A less noble motive is the hippy commune that is settled on the shores of the lake. It is here, rather than in Kathmandu, that the children of the New Age now measure out their gimcrack existence, borne along by various opiates and derivatives of hemp.

Pokhara has one other distinction. It is the location of Britain's most remote recruiting office. Several times each year, British officers take to the hills to examine potential recruits to the Brigade of Gurkhas. If passed, they are brought down for more thorough vetting in Pokhara. The British Gurkha Centre itself is a delicious monument to the imperial ethic, an immaculately-tended compound with its own electricity and water supplies and peacocks on the commanding officer's lawn. Outside, the city itself is ramshackle and disorderly: you could film *The Canterbury Tales* there without a single alteration to the set.

My own purpose for visiting the city was to go up into the hills. I had arranged a party of four porters and a guide – essential if one's ambitions are to explore off the beaten trail. In the event, I was grossly overstaffed for I had a mere 48 hours at my disposal rather than the ten days originally planned.

Nevertheless, I would not have missed the experience of *leading* (though that is hardly the word) this little band for anything. The Himalayan peoples must be the *most* delightful on earth. They have enormous charm and seem always to be cheerful, even in adversity. In fact, I am convinced that it is a similar sense of humour, an identical weakness for the absurd, that makes the British and Nepalese such easy comrades in arms.

By and large, trekking in Nepal is confined to more or less well-organised hikes along more or less well-defined rontes – for example the Annapurna Trail. These involve little or no expertise and comparatively little hardship. Small "hotels" and tea houses are scattered from end to end. Going off the prescribed routes requires a little more enterprise (and the assistance of a guide, at least), but the rewards are high.

Within a day's hard walking from Pokhara lies the village of Lewang. It is well away from any approved trail and for that reason is seldom visited by foreigners. In fact I was the first for many weeks. For that reason, and perhaps because of my extensive retinue, I found myself something of an instant celebrity. Everyone turned out to gaze at this itinerant English sahib. I could see at once why pop stars and politicians should develop a taste for fame, though to me anonymity is a preferable estate: anyone requiring the adulation of his fellow man is surely prey to inner weakness.

We arrived towards nightfall and immediately two of the porters set off on a foraging expedition. They returned shortly with a doleful-looking black hen. Within half-an-hour, it lay embedded in rice. On the palate it was sinewy, almost to the point of crunchiness. After eating, we went into the village itself and were immediately invited to drink *ruksi* (a liquor distilled from grain) with some of the locals.

I joked to my guide that all we needed was a discotheque. No sooner said than done. The villages decided that an *ad hoc* dance was called for and two hours later, to the accompaniment of a single drum, a dozen or so of the village's youth were spinning, leaping and gracefully gyrating in front of an audience which must have contained almost the entire population – perhaps 100 – with myself as guest of honour.

I sat drinking more *ruksi* (it tastes the way yon would expect battery acid to taste), and dutifully taking photographs. We left quietly at 11pm with the party, as it had become, in full swing. Everyone was taking it in turns to go up and dance by the light of the single kerosene lamp.

The following morning we rose early, packed our tents and stowed our equipment and were about to move off when a young man arrived bearing an invitation. I went with my guide to the house of a senior villager where we were presented with an enormous breakfast of lentils, rice and tea.

Having already eaten, it took a major effort to do justice to this hospitality, but it would have been shameful not to have swallowed every morsel with grace. That done, we were free to leave, though not before being adorned with garlands of wild flowers.

As we set off, having distributed some medical supplies and a little money, I reflected on the distance between London and this tiny, unblemished community. Not just continents separated the two places, it seemed, but a whole world.

Long day's journey: Nepalese locals pause for breath

Touch of Class

Challenge for country hotels

IF THE AUTHOR of a report published this week is correct, the luxury country house hotel market in Britain is under threat. In the view of Greene Belfield-Smith, the hotel and catering consultancy arm of Touche Ross, which has conducted the first-ever survey of Britain's most luxurious country hotels, the number of projects underway or mooted is considerable, and big commericial hotel groups are expected to pump impressive sums into a market formerly dominated by owner-managers.

"The market will become increasingly competitive," says the author, Graham Watson, leading to the evolution of a two-tier structure: the traditional type of country house hotel we are familiar with today, plus new, larger, group-operated hotels whose impact may be to "water down the unique nature" of those already in existence.

The potential for further expansion of stock is considerable, says the report, given the very large number of castles, manors and stately homes available. And the market is expanding in other ways. For example: the addition of luxury bedrooms to high-class restanrants; the debut of luxury bed-and-breakfast establishments, some of which are now adding restaurants, and the appearance of country and town house-style hotels in London, such as the Beaufort, Dorset Square, and the Draycott, Halcyon and Cannizaro House Hotels.

The average total development cost per bedroom in a selection of nine receutly-opened luxury country house hotels is put at £96,000, with the most costly being £160,000 per bedroom. To purchase, these hotels have cost an average of £88,000 per bedroom in recent years (range: £30,000-£165,000). Profits vary greatly, but average nearly £5,000 in gross operating profit per available room. This is better than a poke in the eye but much less than would be expected in a large, modern hotel operation.

■ Copies of the survey (price £25, inc. p&p) are available from Maundy Todd, Green Belfield-Smith, Victoria House, Vernon Place, London WC1B 4DB).

Michael Thompson-Noel

DESPATCHES • Stockholm •

Refuge on the islands

STOCKHOLM AT THIS time of year is like a ghost town. Try ringing any company or ministry and you are likely to get either a recorded message or a despairing switchboard operator who informs the caller patiently that Carlsson, Ivarsson and Svensson are all on holiday and there is nobody else you can talk to.

If you are lucky, though, you might just be able track them down on their mobile telephones as they cruise on their boats in the Stockholm archipelago. For that is the favourite haunt of Stockholmers during summer: a mass of around 30,000 skerries and lush islands which fan out into the Baltic and offer a tranquil refuge away from the city.

In a country where the winters seem interminably long and dark, the Swedes feel compelled to make the most of their fleeting summers and the long, light evenings by sailing, swimming, or simply snoozing close to nature. They also love insularity and solitude: their traditional reddish-brown stugor, or cottages, are scattered among the trees as far away from each other as possible.

Some of them keep sheep and goats in their gardens to save having to mow the lawn. The more energetic islanders might drop a line in the water. You can catch salmon and sturgeon, although they are not as common as in the last century. The best time to catch herring is the spring. And, if you are lucky, you might catch a pike, although few swimmers would care to dwell on this possibility.

Anthor and playwright August Strindberg loved to live ont in the archipelago at Kymmendö during the summer. "I am thinking so much of the Stockholm archipelago that my legs start itching," he moaned one year from Normandy, voicing the feelings of many a Swede.

In those days, the islands had permanent settlements and the inhabitants lived off herring fishing and some farming. In the 1920s, when demand for Baltic herring declined the islanders turned to other sources of income: bootlegging was a constant problem for the Customs officers. Smugglers painted their boats grey as camouflage and dumped their liquor kegs in the shallows if they ran into the excisemen, returning to fetch them later.

Archipelago life today tends to be rather more tranquil but is not without its moments of excitement. A friend returning to the island of Stegesund late at night on the local taxi boat recently, was told they would have to take the long route round as the military was out looking for foreign submarines.

As they chugged along, they passed boats full of silent frogmen (fortunately, of Swedish extraction) and loaded with explosives. On scrambling ashore, she vowed to pin a notice in Russian on the outdoor lavatory requesting visitors to leave the place as they found it . . .

Sara Webb

Wildside

The warm heart of Africa

IT FEELS like spying on paradise. Perched on the rocks at Jalawe viewpoint, we can look more than 50 miles across the blue haze of Lake Malawi into the Tanzanian mountains. In the green valley 2,000 ft below us, a dozen elephants wander down to the river in the evening light, their antics in the water clearly visible through binoculars from our vantage point on the heights of the Nyika plateau.

We are not the first to enjoy this remote and peaceful corner of Malawi in central Africa. "It seemed a perfect Arcadia about which idyllic poets have sung," said a Scottish explorer in 1878, inspired by his visits to the villages of the Ngonde people here on the northern lakeshore. "I felt as if I had fallen on some enchanted place."

Remote, rewarding and cold enough for log fires at night, the Nyika National Park straddles the mountainous border between Malawi and Zambia and offers some of the finest walking country in Africa.

Open grassland, crisscrossed with tront streams and waterfalls, alternates with pockets of dense montane forest hung with lianas, the haunt of the blue monkey.

The park is rich in animal and plant life, from red- and white-flowered protea bushes to owls and eagles, hyenas and jackals, leopards, antelope, zebra, and hairy bushpigs which occasionally burst out of the undergrowth.

Malawi (formerly Nyasaland under the British) is one of Africa's oddities, poor but efficient, and ruled with a rod of iron by Dr Hastings Kamuzu Banda. The president once worked as a family doctor in the north of England. He established an elite Latin-oriented grammar school in the Malawi bush, he is now thought to be about 90 years old, and he has a puritanical streak which does not appeal to every tourist.

There are men who have had their long hair unceremoniously cut on arrival at the airport. Other holidaymakers have been refused entry on the grounds that they are journalists (very bad), writers (probably a journalist) and even printers (could have something to do with journalism).

It is best to take the right precantions along with your malaria pills. Announce a harmless profession on arrival and remember that women are not allowed to wear trousers or short skirts except at the lakeside resorts and in the game parks.

"There is a restriction on the wearing of dresses and skirts which do not cover fully the knee-cap when the wearer is standing upright," declares one of my wonderfully precise guides to Malawi. It goes on: "It is illegal for men to wear long hair. According to the law, a man is wearing long hair when his hair is in such a fashion that, when he is standing upright, the main line of the bottom of the mass of hair (other than hair growing on his face or on the nape of his neck) lies below an imaginary line drawn horizontally around his head at the level of the mouth."

Take all this in your stride and enjoy Malawi, a peaceful land of maize fields, mission schools and mango trees which calls itself the "warm heart of Africa." Avoid the dull new capital Lilongwe, bnt visit Zomba, the old capital, and stay at the Kn Chawe Inn perched on the edge of the nearby Zomba plateau – another haven for walkers and fishermen.

Malawi's best-known tourist attraction is the long lake which covers a fifth of its territory. Here children can swim without fear of the bilharzia found in other African lakes. Yon can sail or windsurf, scuba dive to look at bright blue tropical fish, or simply relax and watch the fishermen in their dugout canoes.

Lake Malawi was also the site of the first – if minor – naval engagement of World War I.

"Naval Victory on Lake Nyasa," trumpeted *The Times* in 1914, after a British gunboat used its three-pounder to put out of action the *Hermamm von Wissmann*, which was up on a slipway for repairs on the Tanganyika side. Unaware of the outbreak of hostilities, the German captain rowed furiously out to the attacking boat and demanded to know what his friend the British captain was playing at. He was promptly taken as a prisoner of war.

A favourite spot on the lake is Cape Maclear near Monkey Bay. In the village, a man called Mr Stephens used to provide cheap lodging for visitors. Dinner, despite a long menu faithfully handed out each evening, was always the same and always delicious – chambo (a lake fish), chips, and cabbage salad.

Among the airlines flying to Lilongwe are British Airways and UTA. In their packages, travel agents often combine Malawi with other destinations such as Zimbabwe, South Africa and Swaziland. If you are travelling alone, car hire is routine and the main rental companies are represented.

■ Hotels: Lilongwe – Capital Hotel, Tel 730444. Blantyre – Mount Soche Hotel, Tel 620588, and Ryall's Hotel, Tel 620955. Zomba - Ku Chawe Inn, Tel 522342. Lakeshore - Livingstonia Beach Hotel near Salima, Tel 261422, Club Makokola, Tel 584244, and Nkopola Lodge, Tel 584444, both near Mangochi. Mzuzu – Mzuzu Hotel, Tel 332622. National Parks also have lodges.

Victor Mallet

Motoring

Porsche paves the way for safer driving

FOR MORE THAN a year, Porsche has been going through a bad patch. Sales in the vital US market declined in step with the dollar-DM exchange rate as potential buyers deserted the marque for Japanese look-alikes of half the price. Following last October's market crash, they tumbled like share prices on Wall Street.

In Britain, we buy far fewer Porsche cars than the Americans, who accounted for 60 per cent of company turnover. But even in the UK, things are not what they used to be. Sales rose to a peak in 1986 with 3,705 registrations but fell last year to 2,793 and are unlikely to be better this year.

One reason is that very high prices have created sales resistance, just as they did in the US. Why spend anything between £25,000 and £41,250 on a four-cylinder, 2.5-litre Porsche 944 when a 24-valve, six-cylinder, three-litre Toyota coupé loaded with goodies costs well under £19,000?

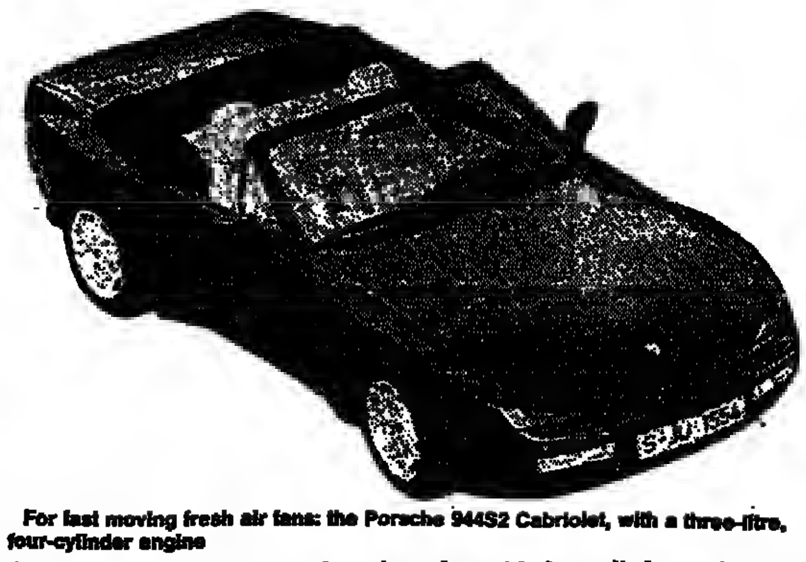
Yes, I know Porsche represents a lifestyle whereas the others are just cars, but even the name has developed unfortunate associations with the worst aspects of the Big Bang and yuppiedom – something described by Porsche Cars of Great Britain as a popular misconception.

According to Porsche statistics, the average buyer is actually a well-heeled 39-year-old. The company claims most Porsches are owned by managing directors, partners and chairman. By implication, there is hardly a golden-handcuffed, 25-year-old currency dealer among them. Porsche, though, remains a pejorative word in some quarters.

Another factor that has not helped sales is that the cars unquestionably are getting a bit long in the tooth. The starter Porsche, the 924S dating from 1976, has just gone out of production but the 944 and 928 are both in their second decade and the car of which everyone thinks when the name Porsche is mentioned, the 911, has just entered its second quarter-century.

Still, if any car is ageless, it is the 911. It was meant to have been replaced by the V8-engined 928 in the mid-70s but buyers refused to let it die.

Early next year, two new versions – the 911 Carrera 4 with variable four-wheel drive, and the 911 Speedster – join the range. The 3.6-litre, 250-horsepower Carrera 4 is the fastest non-turbo 911 with a claimed 161 mph (259 kmh) maximum; the Speedster an open two-seater with a hood that disappears under a metal cowling. Both probably will cost more than £55,000.



For fast moving fresh air fans: the Porsche 944S2 Cabriolet, with a three-litre, four-cylinder engine

The new starter Porsche will be the 944 with a 2.7-litre, 165-horsepower engine. Other 944s for 1989 include a hardtop and cabriolet with three-litre (although still four-cylinder) engines developing 211 horsepower. All Porsches with four-cylinder engines will have ABS (anti-lock) brakes.

Prices have not been mentioned, but it is said they will be better value for money. Not cheaper, you can be certain, but there probably will be fewer costly extras to buy.

The 320-horsepower 928S serias 4 flagship for 1989 scores two firsts: electronic tyre pressure-monitoring and a unique diagnostic system. If a tyre starts losing pressure, a dashboard display warns the driver before any handling problems can develop. The diagnostic system stores operating data, ready for a technician to call up without using outside equipment.

People often question the need for cars like Porsches which justify their high cost only when driven (except on the German *autobahnen*) at illegally high speeds. I do so myself now and again. But only a maker like Porsche can afford to introduce tyre pressure-monitoring. It has been used on Porsche sports/racing cars for eight years; during that time, none has ever been forced to retire with tyre trouble because drivers had early warning of pressure loss.

Disc brakes, ABS brakes and permanent four-wheel drive once were confined to high-performance cars. Now, they bave filtered down to motoring's broader base. Equipment for tyre pressure-monitoring, too, will become routine. When it does, we should remember to thank Porsche and its collaborator, Bosch, for making motorway driving safer.

Stuart Marshall

Soar the mountain

Mani Deb describes the thrill of gliding in the Alps

"KEEP CLOSE to the rocks, ideally one wingspan away," said gliding instructor Brian Spreckley as he continued to suck from a fruit drink carton, "and watch your speed."

I was breathing heavily with a mixture of fear and excitement. The two-seater glider already seemed close to the cliff, and any moment I thought a wingtip would brush the snow and ice-covered rocks. "You touch the mountain once only," I had been told, half in jest.

We were like an eagle gliding along the grey granite face. The wonder was that the glider, weighing about half a ton, was being wafted upwards like a leaf by the air currents rising from the sun-heated snow and rocks as we made several beats back and forth.

Using only the stick and rudder to deflect the control surfaces on the wings and tailplanes, I tried to follow the contour and stay in the lift – not unlike sailing a dinghy close to a rocky shore, only there was a vertical dimension and we were doing 60 mph.

Close to the cliff the variometer began to beep rapidly as we climbed at more than 15 ft a second. But there were turbulent patches when Brian would take the controls to prevent gusts from pushing us too near the rocks, or plunging hundreds of feet in a downdraught.

On reaching the snow-covered crest we raced along to the next, higher ridge. In the distance Mont Blanc glittered above the glaciers and lesser peaks.

That was my first Alpine glide along a granite ridge of the Massif de le Chartreuse between Chambery and Grenoble, four years ago.

The initial thrill lay in the closeness to the ground. One can admire the breathtaking Alpine scene, wave to hikers and climbers and cover vast areas of virtually inaccessible terrain without struggling breathlessly up steep slopes. But the pundits use the ridges and rockfaces as aerial routes to cover hundreds of miles in cross-country flying, even soaring over Mont Blanc.

Every April members from Booker Gliding Club, near High Wycombe, descend on a small French village for a week. After check flights with veterans like Brian, who is the current world gliding champion and runs advanced courses in Le Blanc in central France, you try to soar the mountains, gradually extending your reach with experience.

In a terrain with virtually no emergency landing sites, pilots are given height cues: don't attempt crossing that gap unless you are at least 4,500ft high; don't soar that rockface if you are below the treeline.

French pilots (some with 4,000 hours of flying) know which ridges and valleys will provide lift in given conditions, and use this lift to cover 200 or 300 miles in a day. Such knowledge is crucial for confidence.

British pilots, more used to monsoon-like summers, feverishly launch gliders in the early afternoon to utilise every second of soaring weather. But the French are enjoying a leisurely lunch, with wine. "How can you fly without proper food?" they ask, looking pityingly at our sandwich lunches.

Alpine valleys start "working" by early afternoon as the sun heats the rocky or snow covered slopes. The more directly the sun shines on the hillside the stronger the thermals, so steep slopes are most favourable early in the day and again in the evening.

During the day winds blow up the valley to replace the heated air rushing up the mountainsides, usually forming clouds which mark the thermals. In the evenings the process is reversed: cold air cascades down the hills and bounces up along the middle of the valley, making it possible to soar along it way after sunset.

On a good day, many of the valleys and ridges become expressways for cross-country glider pilots. One can spot them flashing past singly or sometimes in pairs at more than 100 miles an hour.

Accidents are rare, pilots taking only the most calculated risks. In the five years Booker members have visited the region, only two French gliders have crashed – one hit trees and the other power cables – and both pilots survived. In that period there have been numerous skiing deaths, but a daredevil flyer has as much hope of surviving as a soccer hooligan in a bullring.

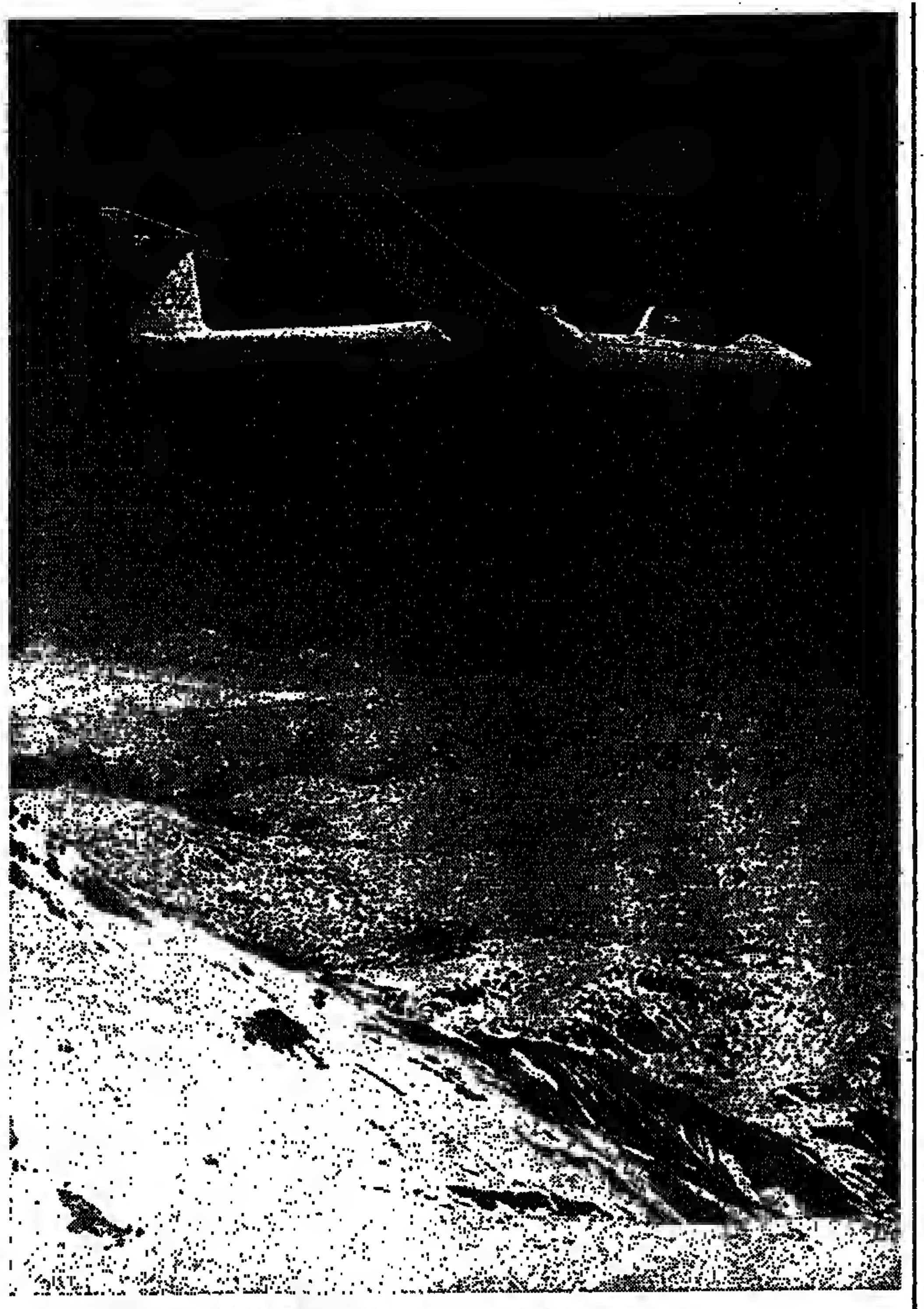
Mountain soaring is not easy, needing intense concentration and good judgment. Sometimes it is not even fun, making one wish one had stayed in bed instead of struggling to stay aloft in a rocky canyon. But it is always satisfying, and never dull.

I remember my first sight of a glider in the Alps eight years ago while sprawled on an Austrian ski slope. The eye-watering agony of my fall was forgotten when a white glider with red nose and wingtips slid silently into view against the cobalt sky.

There was no noise, no effort as the graceful craft sailed along not more than 500ft above the crest of the ridge. Then with a lazy sweep it turned and headed back, and for a few seconds I could make out the pilot waving inside the canopy.

Last April that scene came to mind as I went past a ski station in the French Alps, near Chambery. This time, I was alone in the glider, and guessed that some poor devil down there would be envying me.

Trial lessons £20 at Booker Gliding Club. Tel: 0494-29263.



A warning for would-be glider pilots: you touch the mountain only once

Archaeologist turned agent

Gerald Cadogan considers the enigmatic life of T.E.Lawrence

T.E. LAWRENCE, born a hundred years ago next week, was a passionate antiquary and archaeologist from the age of 15 until he joined up in 1914 and was sent to Cairo to work in intelligence. In 1918, just 30, he reached the highpoint of a remarkable military career with the fall of Damascus. At 46 he was dead.

How did the archaeologist become the agent? Was E.M. Forster right, that for such men the thrill of adventure reinforced the thrill of research?

Many details of Lawrence's life and death – and all interpretations of him – have been in dispute. But there is one certainty: brass rubbing started him off as an archaeologist. As a schoolboy he cycled round Oxfordshire churches, even removing pews that hid one.

It was brasses that introduced him to the world of medieval chivalry. He turned to castles, and in 1905-08 made long cycle tours in East Anglia, Wales and France to study them. Back home in Oxford he scoured building holes and paid workmen to save medieval pottery, which he gave to the Ashmolean. He became friends with the staff, including the young (Sir) Leonard Woolley and, later, the Keeper D.G. Hogarth, who became the major influence in Lawrence's life.

As an undergraduate at Jesus, the rich mixture of French castles, dreams and talk of the Near East in the Ashmolean fired him to his own crusade: he explored the Crusader castles of Syria and Palestine. He would write a dissertation on them for his finals; but first he learnt some Arabic and how to use a pistol.

In the summer heat, in 1909, Lawrence walked 1100 miles. *Crusader Castles* (published posthumously) ensured a brilliant First. Lawrence's now orthodox view, that the crusading West brought castle design to the East rather than the other way round, was revolutionary.

What was he to do on going down? Hogarth asked him to come digging at Carchemish in Syria. He worked there with Hogarth in 1911, and with Woolley from 1912-14. Carchemish was a Hittite city where the Germans happened to be taking the Berlin-Baghdad railway across the river. It became pivotal in Lawrence's development.

For the first time he was in charge of large numbers of men, with whom he got on well, settling their disputes. On expeditions he wore Arab dress. For good finds he organised shooting in the air: the more shots, the better the find.

There were also Germans to cope with, and Turks. Woolley trounced the local Ottoman official by holding a revolver to him when the Turk pointed out that the dig permit was in the name of Hogarth, and could not be transferred. Such events were the background of the antipathy of Lawrence and the Turks.

Carchemish certainly schooled Lawrence in desert life, and Hogarth was to become Director of the Arab Bureau, for which all the Carchemish staff worked. Many biographies suggest that Hogarth had recruited Lawrence from the start as an agent, but that implies an unbelievably far sighted design.

It is more likely Lawrence was told to keep his eyes open. When war came, the archaeologist's practical knowledge of country, people and language, and the ability to make judgements from exiguous evidence, made intelligence his natural niche as Hogarth probably envisaged.

In 1914 Lawrence and Woolley were called, ostensibly by the Palestine Exploration Fund since the main aim was military, to help Captain S.F. Newcombe of the Sappers in surveying the Negev and northern Sinai. *The Wilderness of Zin* is a lively account of this. Its assertive tone, as if written by overgrown schoolboys, masks how bright the observations are. By the end of the year both authors were already in service in Egypt.

Could Lawrence have been an archaeologist for life? In 1911 Gertrude Bell wrote, he is going to make a traveller – true praise. Sir Max Mallowan said in 1967 that archaeology for Lawrence was a passport to another career. Woolley had complained that his suggestions were brilliant, but he would not back them up with argument; he expected you to see them for yourself. And Lawrence wrote home in 1911: "I am not going to put all my energies into rubbish like writing history, or becoming an archaeologist. I would much rather write a novel even, or become a newspaper correspondent."

Lawrence, fact and fantasy, Page XIV

Sir Leonard Woolley and T.E.Lawrence at Carchemish

Collecting

Magic hoard

RICKY JAY, one of the world's more colourful and creative collectors, was in London last week. Jay is a man of many accomplishments besides collecting. His grandfather, a professional sleight-of-hand artiste, taught him the secrets of his craft and, as a child, he became the youngest magician ever to perform on US television.

A world-class sleight-of-hand performer, his speciality is throwing playing cards higher, harder, faster and farther than anyone before him. He is able to embed them in water-melons or other available targets with such deadly accuracy that he published a book called, ominously, *Cards as Weapons*. These talents have earned him a place in the *Guinness Book of Records* as well as a BBC television special. And recently he made his film debut in David Mamet's *House of Games* – as a card-sharper.

The serious part of his life, however, is collecting, whether on his own account or in his other professional capacity as curator of the Mulholland Library of Conjuring and the Allied Arts in Los Angeles. Between them, the two collections boast what must be the world's finest representation of material relating to Jay's predecessors in the arts of deception, and in skills the merit of which is peculiarity rather than utility.

Jay's newest book attests the riches of the collections. The bizarre-seeming title, *Learned Pigs and Fireproof Women*, is only a literal description of some of the exotic characters it records. Toby the Sapient Pig was a celebrity of Regency England. At the Temple Rooms, Fleet Street, in 1817, it was said that he "will Spell and Read, Cast Accounts, Play Cards, Tell Any Person what o'clock it is to a Minute by their own Watch, also Tell the Age of Any One in the Company."

The Queen of the Fireproof Women, an exact contemporary of Toby, was Signora Girardelli, whose repertory included torture by fire, the passing of lighted candles under her arms, dropping sealing wax on her tongue, and cooking an egg "fit for eating" on boiling oil held in her hands. The signora's principal male rival, Chabert the Fire King, entered a blazing oven with two raw steaks in his hand. "He emerged," Ricky Jay informs us, "tartare – the steaks were cooked to perfection."

Jay's account of these incomparable oddities is an admirable combination of indefatigable scholarship, graceful if occasionally Rabelaisian wit, and a collector's delight in the prints, posters, photographs, playbills and other collectibles thet are the surviving evidence of some very odd lives indeed.

You detect the duality of Jay's admiration for his subjects. On the one hand, there is a fellow feeling for those who have developed natural skills to a phenomenal degree, like the English music hall performer, Datas the Memory Man. Having begun his career as e gasman called Bottle, Datas changed his name and turned his freak memory for every kind of date and fact into a music hall turn which he was still touring, after 40 years, during the Second World War.

However, Jay has an equal weakness for the inspired charlatan like "Doctor" Walford Bodie, who toured the English music halls doing "miracle healing" and "bloodless surgery," dazzling his audiences with a stageful of dubious electrical equipment. After defeat in a law suit in which his deceptions and fake medical qualifications were exposed, Bodie bounced straight back onto the stage, advertising the trial boldly as a "stupendous and daring feat accomplished by Doctor Bodie before a British Jury of 12 Honest Men."

Sheer inventiveness is a merit. Arthur Lloyd was the Humorous Human Card Index who would, at the audience's request, produce any kind of printed item – from divorce papers to an aspirin packet – from the many pockets of an academic gown which contained 15,000 items.

Jay reveals also a sneaking fondness for more unseemly performers such as Mac Norton, the Human Aquarium, who swallowed live goldfish and frogs. He would produce them some time afterwards, still alive and kicking; and when he appeared in London in 1949, he claimed that in 50 years he had never lost a pet.

Ricky Jay loves them all. The reason for last week's visit to Britain, he explained, was to find archive film of these and other curiosities – fire-eaters, flea circuses, freaks – for a TV film he is compiling, thereby extending still further the range of his collections of learned pigs, fireproof women and all the rest.

Janet Marsh

Sailors press on

THE TWO British yachtsmen attempting to sail the North-West Passage have reached Barrow, the northernmost point of Alaska, in good health but with hopes somewhat dented.

The sailors, Mike Jaques and Mike Marriott, were three weeks overdue and fears had been growing for their safety until Alaskan coastguards reported they had been spotted among the pack ice. They walked into Barrow last weekend having left their 16ft boat, the Tuluk, five miles away.

Although their chances of completing the entire North-West Passage by the end of the summer have all but vanished, they intend to make for their subsidiary target of Cambridge Bay in Canada's North-West Territories. "We are pressing on," Jaques said.

The pair's misfortunes began shortly after leaving Kotzebue on Alaska's west coast at the end of June and stemmed, ironically, from an almost unprecedented period of calm weather. The light winds meant that the thawing pack ice was not dispersed. "We couldn't walk across it," Jaques reported, "and we couldn't push it away."

After five days without moving, they made just seven miles in the next two days. They found clear water beyond the Eskimo settlement of Kivalina but then "the wind just died."

They spent most of the next week rowing for up to 15 hours a day. Beyond Cape Lisburne the wind returned, and they made 83 miles in one 21-hour spell.

They were somewhat disconcerted when three grey whales surfaced close by, apparently to watch the yachtsmen's progress and to display their own swimming prowess. Eventually the wind reached storm force and, after running for a time with no sails, they were compelled to beach. A group of Eskimos told them they had never seen such adverse conditions before in July. "That wasn't much consolation for us," said Jaques.

Using a combination of rowing, hauling and sailing, it took them three weeks to advance the next 40 miles. Some 30 miles south-west of Barrow, they ground to a halt and spent the next week camped on the shore. They then sailed 25 miles in two stages before beaching the Tuluk and covering the final five miles on foot.

With assistance from the people of Barrow, Jaques and Marriott retrieved the Tuluk on Monday. They have also flown over the next part of their route and report that it seems reasonably clear for at least 200 miles, with ice at around two-tenths thick. They are now hoping to reach Cambridge Bay by mid-September. The returning cold and darkness will compel them to stop there but, added Jaques, "we are pretty determined that we shall finish it next year."

Peter Gillman

Galaxy of white burgundies

Edmund Penning-Rowsell sips his way through the 1985 vintage

TWICE A year, buyers from distinguished traditional wine merchants – among them Adnams, Avery's, Heynes, Hanson & Clark, Lay & Wheeler and The Wine Society – meet to assess a certain vintage of a French wine. To provide a complete picture of the wine at that point, they contribute bottles to taste from their own stocks.

Recently I attended the blind tasting of fifty-five 1985 *premier cru* and *grand cru* Côte de Beaune *white burgundies*: a formidable assignment with wines liable to be from 13 to 14 degrees in alcoholic strength.

The year 1985 was exceptionally fine in Burgundy, particularly for reds, but also for the whites: very fruity, full-bodied, alcoholic wines. Some of them seemed to lack a little acidity but others were majestically rich, long-flavoured wines unbeatable in their complexity. This was the best vintage since 1978, and these are wines to keep, with 1986 being their only near rivals, having more acidity but perhaps less staying power.

The wines for this tasting included 11 Premier Cru Chassagnes, 23 Pulignys and 21 Grands Crus: Bâtard, Chevalier and Le Montrachet. Fourteen tasters sampled their way through this galaxy of rare wines roughly two and a half years old.

The marking was out of 20, but not as in the American-originated system, with points for appearance, nose, flavour and general appreciation. Consequently, individual assessments varied considerably, as did order of popularity. I found that I was inclined to mark on the low side, although one of the only three tasters to give a wine 20 points. But if, rightly or wrongly, I did not much like a wine I tended to mark it in single figures, rare on other lists. Seven wines were out of condition, all, surprisingly and worryingly in view of their very high prices, Grands Crus.

The wines of Chassagne are supposed to be fuller-bodied but less elegant than the Pulignys, and of the 11 *premier crus* the wine that received the most average votes was that of the Marquis de Laguiche (14.95), with slightly metallic nose, but authentic rich round flavour (John Winter, High Road, Chigwell, Essex, £20). The second was the Dom Leflaive Morgeot (14.83), classic but very closed bouquet, well-balanced with good acidity, and the third, my favourite, was the Morgeot of Olivier Leflaive (14.17), lovely rich nose, flowery taste and good acidity.

The next three were Chartrons et Trebuchet's Morgeot (13.82) which I found medium rich and slightly edgy, the Caillerets of J M Morey (13.75), not very oncoming, and the Embrazées of B Morey (13.55), fine, full, distinctive Chassagne.

The leading wines in the long list of Pulignys, which has more *premier crus*, received rather higher ratings. The most popular was the Champ Canet of Etienne Sauzet (16.67), elegant nose, oaky, fruity but elegant flavour – my favourite – (Adnams, Southwold, £18.41), followed by the Champ Gain of Olivier Leflaive (16.17), rich, oaky nose and full, fruity flavour. Next came the Combettes of Jacques Prieur (15.83), very elegant bouquet, delicious balance.

The succeeding four were the Dom Leflaive's Pucelles (15.63) fine, full bouquet, big flavour, a wine to keep, (Adnams, £22.54), the Folatières of Louis Latour (15.17) a big-bodied oaky wine (Henry Townsend, Beaconsfield,

£19.30), the Folatières of Henri Clerc (15.09), very oaky, with developed bouquet and flavour, full-bodied (Avery, £24) and the Folatières of Drouhin (14.36) restrained but good nose, rather backward in flavour (Berry Bros & Rudd, SW1, £26).

Coming to the *grand crus*, one of the five Bienvenues Bâtards was out of condition. The most popular was Carillon's (16.50) with some colour; full nose, very big flavour, needs time (Lay & Wheeler, Colchester, £30.76). Second came Remoissenet's (15.25), with very attractive, elegant aroma, also very strong wine that should develop well (Wine Society, Stevenage, not yet listed). The other two received an average of only 12.27 votes.

The top Bâtard-Montrachet out of seven (two were out of condition) was Gagnard-Delagrange (16.33), big oaky nose and a powerful, fruity wine that needs some years' time (Haynes, Hanson & Clark, Lettice Street, SW6, £34.76). The second was Louis Latour's (16.08) oaky, fairly developed, perhaps a little lacking in acidity (Justerini & Brooks, SW1, £42.05). The third, which I had bracketed as my first along with the Gagnard-Delagrange, was Chartrons et Trebuchet (13.82). It had some colour and a fine full flavour, but found less general favour.

Again, one of the three Chevalier-Montrachets was out of condition, but the best was from Avery of Bristol (17.83), an elegant, still closed wine of great quality and distinction (£51.89) and the second was the Dom Leflaive (16.18), an oaky, fruity wine of very good balance.

To taste six different Montrachets on one occasion should have been exceptional, but three were out of condition: two oxidised, one corked, which is not the fault of the producer. The top wine was Gagnard-Delagrange, a beautifully balanced, elegant wine with a deep flavour, which received an average of 17.36 votes, but I and two others gave it 20, yet two of the group only marked it at only 12 and 14.

The second was Remoissenet's, and this in fact is the Baron de Thénard that comes from the Chassagne part of the vineyard (16.64). Distinguished elegant, nose, well-balanced flavour, a wine of class but not ready. I gave it 19.

The prices where given here may appear shockingly high, but they take account of the intense world-wide demand for the finest of all dry white wines in relation to the very small supply. In 1985, only 44,500 cases of Puligny *premier cru* and 33,000 of Chassagne *premier cru* were made, while the average annual production in Bordeaux of Ch Gruaud-Larose, just one estate in the Médoc, is 35,000 cases. The production of the *grands cru* is tiny: in 1985 5,610 cases of Bâtard-Montrachet; 1,820 cases of Bienvenue-Bâtard; 3,190 cases of Chevalier-Montrachet; and 1,860 cases of Le Montrachet. M Gagnard whose Montrachet came top in the tasting made precisely two hogsheads of his wine: 50 cases.

How to ginger up your snaps

Peter Knight looks at a range of cameras to suit every wallet

AUTOMATIC cameras heve gone far to remove holiday snap blues, that depressing September walk back from the chemist clutching distorted images of what was an idyllic time. These days Mother's daring bikini is usually in focus and little Gerald's dramatic Adriatic dive is preserved in perfect technicolour.

And there's even better news. You probably don't have to spend very mnch on the technology that helps take good pictures, not nearly as much as the camera makers would like us to think.

Most modern 35mm cameras from about £55 upward have a small electronic brain which controls the entire process of immortalising Mother: setting film-speed, focusing, winding on, winding back and deciding when to flash. Some offer the added advantage of allowing you to zoom in for a close-up, at the touch of a button.

The larger and more expensive single-lens-reflex models – you actually see through the lens rather than a separate viewfinder – have also been injected with copious amounts of electronics to control the business of getting light on film. The latest wheeze is to insert different chips of intelligence that enables the camera to perform Disney-like special effects on the subject.

Choosing a camera is difficult. The number of models is bewildering and range of extra features confusing. These are the rough price categories into which holiday-type cameras fall:

■ Up to about £50. These are the cheap 110 and disc-film cameras, with prices starting as low as £1.99 for a key-ring-cum-camera, which, if used properly, take adequate snaps. Some 35mm models, but not automatic, fall into this category.

■ From £50 to about £170. Within this price range fall most of the automatic-everything fixed-lens compact cameras using 35mm film. You pay extra for trusted brands, such as Nikon, and for features such as printing the time and date on the snap.

■ From about £170 - £200. For this you get a compact automatic with a zoom lens. Pentax and Panasonic are the main suppliers.

■ Around £300 upwards. Single-lens-reflex automatics with interchangeable lenses fall here.

Thirty-five millimeter film gives far superior results, when compared with 110 film. We tested three different types of 35mm automatic-focus cameras - in the expensive, medium and cheap price categories - to discover the differences. We found that quality can come pretty cheap.

HOW TO SPEND IT

The cameras mentioned here are examples of those in the different price categories. Prices will differ, depending on where you buy.

■ £299. Olympus OM707 flash-grip 300. This is a single-lens-reflex designed for those who consider themselves more than simple snappers. It's advertised as being able to take excellent pictures in the dark, which it does. But unless you are *paparazzi* staking out Langan's, such cleverness is overkill. The 707 has a choice of interchangeable lenses (which cost extra) and a built-in flash.

Using the machine, for that's what it is, is exciting because you actually see the subject coming into focus. Bnt be warned, the electric motors which drive the lens make irritating noises. The electronic brain is supposed to work out the best exposure for flash photography, preventing flat, washed-out party shots.

Good points: Takes clear, crisp daytime pictures. Easy to use. Interchangeable lenses. Ability to override automatic features.

Bad points: Bulky, and heavy - not the sort of camera easily carried to the beach or a party. The quality of flash photography is better than cheaper cameras, but inconsistent and not necessarily £200 better. Its price and intelligence does not prevent you from taking appalling shots, especially with the flash.

■ £179.95. Panasonic Zoom. This looks like a pre-war camera. The chunky fixed lens gives a focal range of 35mm to 70mm and is operated by hand, as is the lens cap, which means there is no noise when focusing. The rest of the camera is similar to other compact automatics. The lens allows better composition, say, by letting you zoom in close to a group of people or an interesting piece of architecture.

Good points: Clear daytime pictures and easy subject composition. Useful extras, such as an ability to override automatic flash.

Bad points: The independent viewfinder, which has to imitate the lens'zoom action, makes the subjects look darker and more distant than non-zoom compacts.

■ £55. Hanimex 35AFX. A simple, cheap, automatic-focus camera.

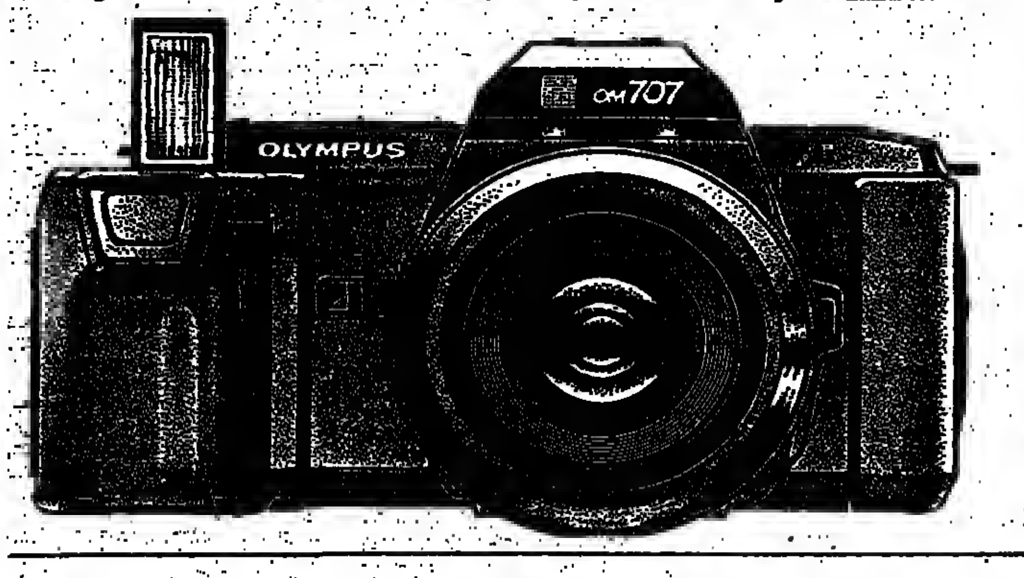
Good points. Clear daytime snaps - as good as the Olympus. Relatively compact.

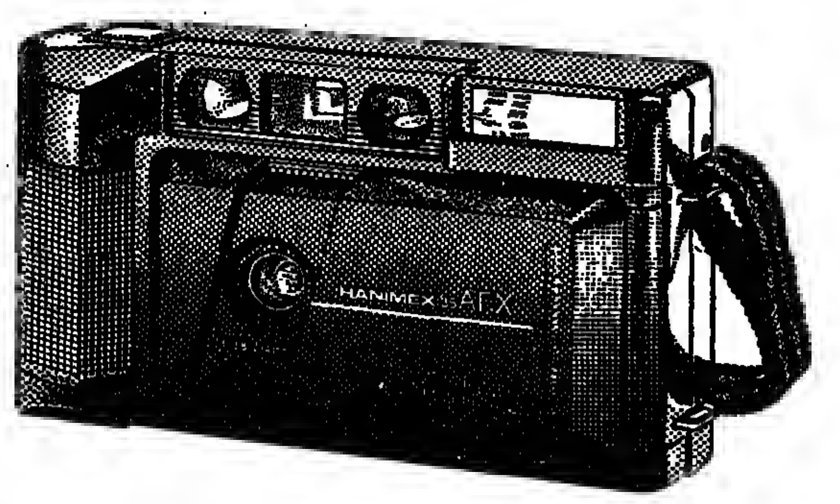
Bad points. Inelegant design makes it uncomfortable (but not impossible) to use. Poor-quality flash shots when compared with the Olympus, but it still produces quite acceptable results for its cost.

If all you do is take snaps during the day then buying cheap is sensible. However, it's worth paying extra for a model that you find comfortable and easy to use. And always choose a camera that is appropriate for your needs: some, for example, only take close-ups with automatic flash, which is fine if your subject is a flower but useless if its a baby.

And if you like taking candid shots or travel to countries where cameras are taboo, don't buy a zoom camera that makes noises. It can be embarrassing.

Peter Knight is Editor of Fin-Tech 2 – Electronic Office.

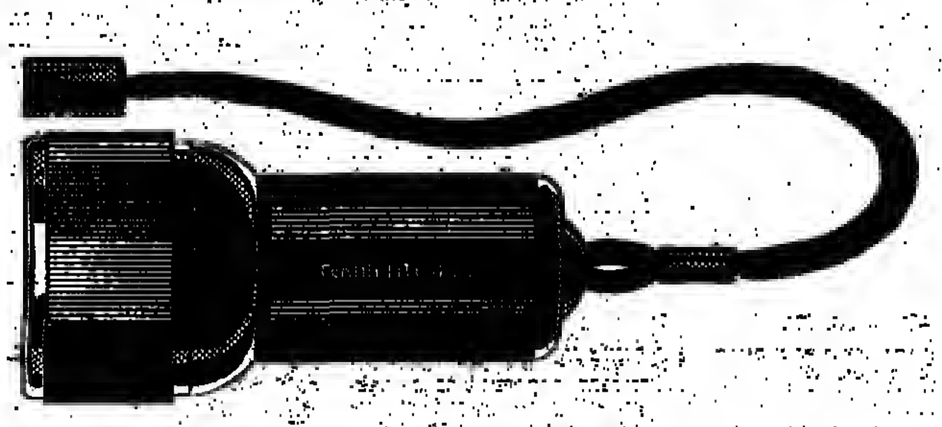


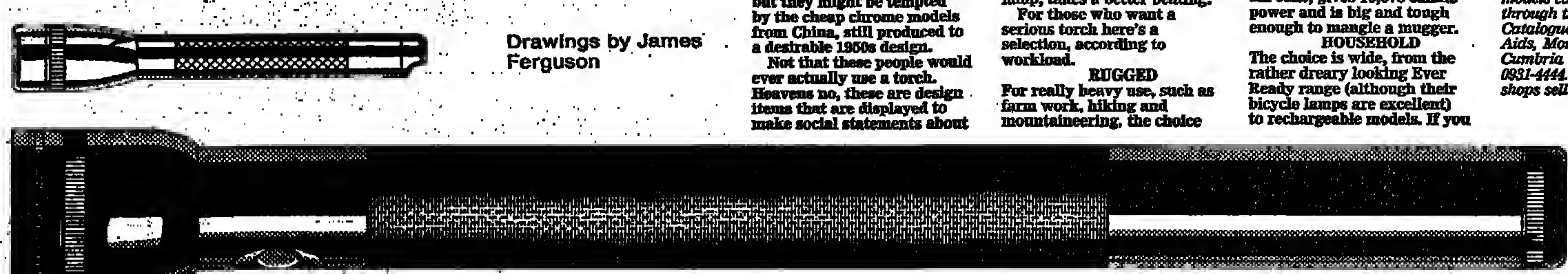


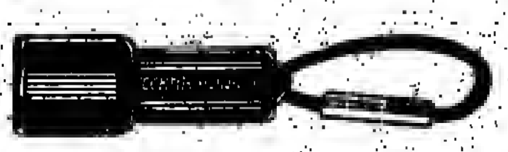
Lucia van der Post is on holiday

The Eighties answer to flying ducks

Torches for the matt black aficionados







Drawings by James Ferguson

DO CITY people really need a torch that is water-tight, explosion proof, made from aircraft aluminium and so strong that US policemen use them to batter villains? It also has a spare bulb in the tail cap and an adjustable beam.

This is the Maglite. The mini version (five and a quarter inches long and about £15) sells fast in those upmarket gift shops which cater for buyers of matt black executive presents.

Torches have taken on a social significance far greater than their practical value. Design aficionados, the sort of people who read Blueprint, drive Audi Quattros and worship at the foundations of the new Lloyd's building just have to have a Maglite, the equally formidable Tekna torch or, if they're feeling poor, the black and yellow flip-top models from Duracell.

They would not accept anything made by Ever Ready, the Ford Escorts of torches, but they might be tempted by the cheap chrome models from China, still produced to a desirable 1950s design.

Not that these people would ever actually use a torch. Heavens no, these are design items that are displayed to make social statements about the owners: the flying ducks of the 1980s.

Duracell, the battery maker, has been largely responsible for transforming the torch from a thing boy scouts and sewer inspectors use to a household item as important as the stereo. It commissioned designers to come up with a torch that would intrigue the sort of people who might never have thought of buying one. The result was something that looked like a big Zippo cigarette lighter (very trendy) and it has sold extremely well, inducing many more people to buy the company's batteries, too.

As with most items that depend heavily on styling, the pocket-sized Duracell torch does not last as well as it looks. The plastic is brittle and the construction cannot withstand jolts, such as being dropped while in the attic. Duracell's big working torch, which has a pivoting head and can also be used as a standing lamp, takes a better beating.

For those who want a serious torch here's a selection, according to workload.

RUGGED

For really heavy use, such as farm work, hiking and mountaineering, the choice is limited to the Tekna and Maglite ranges. Tekna has five models. The most interesting are the mono-lith (£11) and the 1705 (£20). The mono-lith is the smallest (two and a half inches long and one inch wide), and is supplied with a lithium battery that should last for 10 years if used sparingly. It's ideal for clipping on to a key-ring. Spare batteries cost £4. The 1705 uses conventional batteries, is small enough to fit in a pocket (five inches by two and a half inches) and gives a 4,800 candlepower beam.

There are six torches in the Maglite range, all made from matt black aircraft aluminium, water resistant and all similar in style, but varying in length according to the number of batteries taken. The Mini (£17) takes two AA sized batteries, is five-and-a-quarter inches long and gives a surprisingly bright beam. The L3414 (£33) takes six cells, gives 10,678 candle power and is big and tough enough to mangle a mugger.

HOUSEHOLD

The choice is wide, from the rather dreary looking Ever Ready range (although their bicycle lamps are excellent) to rechargeable models. If you don't use a torch often, ones that can be recharged from the mains are good value. Their batteries do not last forever, but they shine continuously for about an hour between charges and should give a few years' service at much less cost than conventional torches.

Both Pifco (£16) and Ever Ready (£17) make rechargeable models, which are left charging in a special plug-in attachments. If the electricity fails the torch immediately switches on, making it easier to find it in the dark. Once charged it can be carried around.

Gardeners after slugs in the night, or those people given to crawling around attics a lot, should try the miner-type torch that is strapped to the head. Inexpensive models from Hong Kong are available in most camping shops.

■ *Stockists: Most camping and sports shops sell good torches. Tekna and Maglite models can be ordered by mail through the 1988 Survival Catalogue (£1) from Survival Aids, Morland, Penrith, Cumbria CA10 3AZ. Telephone 0931-4444. Electrical and DIY shops sell rechargeable models.*

P.K.

Have your salmon and eat it

Tom Fort discovers that timeshare can be a truly fishy business

WHEN RICH MEN are intent on the serious business of indulging their sporting passions, the question of cost hardly enters the equation. Whether that passion is for stalking stags, downing grouse or casting a fly for a salmon, there is only one criterion – the availability of the prey. If the beasts, the birds or the fish are to be had, in respectable volume, those who command the supply can name their price.

Salmon fishing is valued according to tha number caught every year on each particular stretch of river. About 15 months ago, in assessing Scottish fishing, a valuation of £3,500 to £4,000 was pnt on each salmon. Thus, a river or a beat producing 400 a season might have been worth around £1.5m.

The market has moved ahead at the gallop. At the moment, the Syre Estate in Sutherland – by far the most valuable aspect of which is its third share in the River Naver fishing – is for sale. The average catch is 455 fish, and the agents are confident of securing £5,000 for each of those.

A few years ago, it seemed that timeshare was the pattern for the future in the salmon-fishing market. But after a series of successful schemes – on the Anna, the Tay, the Conon and others – murmurings of disaffection arose north of the border. According to these, all of Scotland's finest rivers soon would be annexed by grasping money men intent on corrupting the noble sport of angling with sordid motives of profit.

One of the most successful syndications was organised by Peter Whitfield – of Orme Developments – on the Conon. He bought most of this short, highly-productive river from the Hydro Board for upwards of £1.5m and timeshared the best of it at up to £20,000 apiece, which gave rights in perpetuity. Having thus covered most of his original outlay, he embarked on an expensive programme of stocking and enhancement, designed to restore the river to its former glory.

The signs are that he is succeeding. At the beginning of July, Whitfield and three friends had 75 fish in a week on the Conon. This fantastic figure suggests that those who forked out their £20,000 secured the angling bargain of a lifetime.

Whitfield has now undertaken another timeshare venture, this time about 40 minutes' drive from the Conon on Loch Maree, probably the most famous sea trout fishery in Britain. It is a much more modest enterprise than the Conon scheme; the shares were offered at up to £4,500 each, for 21 years, and Whitfield reports "reasonable demand."

His problem is that the fishing is in serious decline. For various reasons, the stocks entering the loch from the sea have been reduced sharply. Whitfield says he is determined to rectify this. Others are dubious.

The sea trout also was the lure for those who bought shares in the Delphi timeshare venture in the far west of the Irish Republic. It is an estate of fabulous beauty once owned by the Marquis of Sligo; he conferred its odd name as a mark of his veneration for Greek civilisation. It contains three of the most celebrated sea trout loughs in Ireland – Finlough, Doolough and Glencullin – and its present owner is another Englishman, Peter Mantle.

Like Whitfield, he was fired hy the restoration urge. He needed a good deal of cash to repair the damage done by poaching and neglect and decided to timeshare about a third of the fishing in the prime weeks of the sea trout season, leaving the rest available for the traditional daily or short-term lets. Mantle was surprised pleasantly by his success: he raised more than £300,000 at £3,000 to £4,000 a share. Now he, too, is waiting for the fish to do their bit.

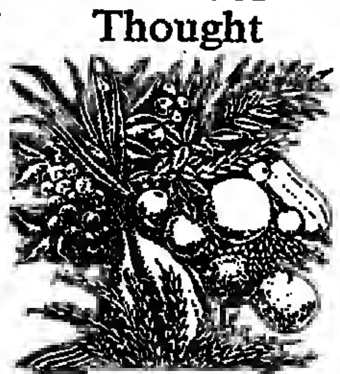
Sea trout fishing has its many devotees although, in terms of cost, it is – thank heaven – the poor relation of salmon. One result of the dizzying increase in the value of Scottish salmon fishing has been to check the growth of timeshare. A crucial factor in this has been that, after years of decline, rod catches do at last – speaking very broadly – seem to be improving.

In some cases, therefore, owners heve seen substantially-increased catches of salmon which individually are worth half as much again as they were at the beginning of last year. It is hardly surprising that those in this happy position have been less than keen to sign away fishing rights for the protracted periods involved in timeshares.

However, Strutt & Parker has just released details of a major venture on one of the most famous stretches of the Tay, the Taymount Fishings, about nine miles from Perth. The recent annual average is 700 fish and timeshares (allowing six people to fish) are being offered on 99-year leases. The guide prices range from a modest £10,000 (for a week in June when the average catch is two fish) to £332,000 for two paired weeks – one in the spring, one in the autumn – with a combined average catch of 67 fish.

An interesting features of this sale is that only 18 of the 40 weeks of the season are being timeshared. It is emphasised by the agent that, in the interest of fairness, these have been alternated with those retained. My mathematics tell me that the salmon valuation is just over £5,000 a fish, and the proceeds should be around £1.5m. The value of what is being retained appears to be in excess of £2m – an enviable case of having your salmon and eating it.

Food for Thought



French lessons

KIND FRIENDS have lent you a gîte, a farm, a château, in France. You imagine a huge stone-flagged kitchen festooned with venerable pans and with a great scrubbed table and a patch of sorrel outside the door. Now is your chance to show what you can do. But let wise old Fort, with a few decades of self-catering in France under his belt, give you a few tips.

In the first place, say hello to the best neighbourhood auberge and expect to eat there several times. Not because you reckon to fail in the kitchen but because if you shop in the market in holiday mood and allow yourself a few goodies that you can't get in Tesco you will end up thinking "I hope everybody's going to enjoy this because it costs about twice as mnch as the menu touristique at the auberge, quite apart from all the slavery I've put in."

It's cheaper to eat out. Cheaper it may be, but the especially nice thing about self-catering is that your visits to the market are not just for looking. Any French town has a covered market which is open every day and about once a week it all spills out onto the nearby streets and squares.

Even hundreds of miles from the sea there will be more kinds of fish heaped np than you can imagine, and baskets of carefully graded oysters. As you get further south where poissons de mer are from the Mediterranean and poissons de l'océan from the Atlantic, the centrepiece of the fish stall is often a great tunny like a zeppelin cut in half, and meaty as beefsteak.

Fancy a few olives? Here is a stall selling nothing but olives in stoneware jars and plastic buckets, black, and green, stuffed and open, with every imaginable herb and spice. They are fished out for you with a wooden ladle and dropped into a little bag.

You will not forget that these market traders are not selling you the produce of Mexico, New Zealand and South Africa as you are used to at home, but meat and vegetables (and with any luck wine) grown just down the road and over the hill. So off you go round the market, immediately after an early breakfast – or even before it if you fancy café complet at the Bar des Halles, where the local worthies will be putting down an early glass of wine while you eat.

Buying a pound of tomatoes can be very enjoyable, given the right circumstances and here you get not only the circumstances but the tomatoes as well. They are big, red, baggy and you pick out the ones you want, dropping them in the plastic bowl provided. Sometimes, in even the most modest *Alimentation Générale*, the shopkeeper has divided them into two lots, the firm for salads, the ripe for cooking. Both are the huge bulbous kind, and both taste more strongly of tomato than you imagined possible.

The charcuterie may tempt you too, with hams and pâtes and sausages luring you to buy too much, and trays and bowls of prepared dishes, some ready to warm through, some glistening and twinkling with a fine pale jelly to serve cold. You will also find fresh mayonnaise made in bulk and sold by the carton. You will, of course, get some.

Sooner or later you will have to have e supermarket, not only for basics such as salt and coffee, but because a good, big French supermarket is a cool place to go on a hot day and has an amazing choice of things to eat. The vegetables and meat are always good and the value for money excellent.

The chances are that if you are in a holiday home in France there will be some sort of barbecue arrangement. You will, correctly, be tempted to make good use of it. The French ou holiday cook outdoors as often as they get the chance and you would be wise to follow suit. A lobster, a leg of lamb, a fine fish, a chicken, sausages even, all are at their best exposed to the raw heat of open-air flames.

They are also things that the restaurateur is unlikely to provide and will charge an absolute mint for if he does. So eat these simple things, simply cooked and dream of doing better at home.

Peter Fort

BOOKS

Robin Lane Fox meditates on the centenary of a legendary figure

Lawrence, fact and fantasy

A TOUCH OF GENIUS
by Malcolm Brown and Julia Cave
J.M. Dent £14.95, 233 pages

IMAGES OF T. E. LAWRENCE
by S.E. Tabachnick and C. Matheson
Jonathan Cape £12.95, 176 pages

SEVEN PILLARS OF WISDOM
by T.E. Lawrence
Jonathan Cape £15.00, 545 pages

THE MINT
by T.E. Lawrence
Jonathan Cape £12.95, 206 pages

NEXT WEEK, it will be 100 years since Lawrence of Arabia was born. Which day is the true centenary? The question is highly significant, but these centenary books devote only one small photo-caption to it between them. Lawrence is known to have been born early on August 16, but his birth certificate, and his own version, opted for August 15. The truth, I suspect, was fudged for a purpose. August 15 is Napoleon's birthday, and Lawrence himself like to allude to his shared anniversary with the great man.

The centenary, therefore, is a reminder that Lawrence had a deep capacity for fantasy. In the past 50 years, we have added our myth-making to his: Images of Lawrence is an admirable survey of the myth's many turns, and I recommend it strongly to anyone who wants to join this fascinating subject by an up-to-date short-cut. "Lawrence of Arabia" was invented for American lecture-audiences by an American journalist, Lowell Thomas, after the war. In 1955, Richard Aldington rounded on the Lawrence cult in a remarkable, if over-played, "Biographical Enquiry."

In 1969, Phillip Knightley and Colin Simpson, two Sunday Times journalists, came up with important new evidence, not least the testimony of the burly John Bruce that he had birched Lawrence about 10 times during his years of attempted obscurity between 1923 and 1935. On the stage and the screen, he has been explained as a sado-masochist; he has been analysed in terms of his mother and won a Pulitzer Prize for John Mack, who saw him as a "prince of our disorder" (which he certainly was not).

Lawrence has been attacked as an imperialist, a superficial Orientalist and a Western racist. Some people compare him with modern terrorists. On no evidence, he has even been made into a spy recruited at Oxford. It is quite hard to remember that he was made a Fellow of All Souls *only after his war heroism* and that he did not win the title for intellectual brilliance in his youth.

Those who knew him have found these extreme positions false and distressing. For once, it has been a BBC documentary team who have tried to put the record straight. Malcolm Brown and Julia Cave have made two films on Lawrence which were conspicuous for their apt interviews and sober approach. Their new biography takes a similar, restrained line and adds more early photographs to those printed in Images. It is, however, Images which tells us how, in 1927, Lawrence instructed Robert Graves to "have the face changed a little" in any photograph he might publish because "people believe that the camera cannot lie and so they will credit your false photograph."

Unquestionably, Lawrence was brave, a very shrewd desert tactician who was always thoughtful and sensitive about his own role. Cave well remarks that Lawrence was his own harshest critic, although he also liked to project an abrupt way with some of his superiors. We risk over-reacting to his detractors. His brother, Prof A. W. Lawrence, has spoken and written with special authority: "In neither of these two over-dramatised figures, the saint and the charlatan, can I really recognise more than a trace of the brother whom I knew and liked."

Perhaps. But we are dealing with a man with a falsified birthday, an acute sensitivity to his own image, a nature which, as Graves well observed, disliked being touched, who preferred to eat alone and regarded sex as "unnecessary." We need to be shrewder than the archaeologist, Leonard Woolley, who employed Lawrence on a dig and thought he was "sentimental, but not homosexual: he was in no sense a pervert . . . I never heard him make a smutty remark."

Some of the arguments, I think, are played out. Yes, Lawrence was abused by the Turks at Deraa: probably, he was beaten savagely, as he tells us. No, he certainly was not an imperialist: he had an admirable gift for living with Arabs, setting their plan of campaign and becoming their "confidence man." He also sympathised with settlement of the Jews in Israel, positions which he still reconciled as late as 1921. Two of his literary models were C. M. Doughty and Melville's Moby Dick, lethal choices for readers of the Seven Pillars. It is a book with too much stuffing, and the Army and Navy Stores can be excused for ordering an early copy from the author as the "Seven Pillows."

T. E. Lawrence: the man enclosed in a myth of his own making

I agree with Cave that it is a double-edged hook, chapters of which undercut the purple prose and deadpan heroics of the best-known bits. Four-fifths of *it is a tortuous read, but it is* more self-aware than I remembered. The later book, The Mint, describes life as an RAF recruit and struck me neither as a masterpiece of realism nor as a major departure from Lawrence, the myth-maker.

It is time for the historians to take over from the biographers. Other Oxford archaeologists have led native resistance movements in very rough conditions during wartime (one thinks of T.J. Dunbabin in Crete in the 1940s), but they have shut up about it and gone quietly back to work. The experience, understandably, gave Lawrence a crisis of identity. But was it truly an "Arab revolt?" How much did it contribute to the wider war waged by Allenby, that man "morally so great that the comprehension of our littleness came slow to him." Here, the most challenging line has been taken by Elie Kedourie, although Cave's book ignores it and Images leaves it hanging in one paragraph.

Kedourie uses a historian's long sight to ask why the aim of handing Syria over to one bunch of tribal Arab chieftains was somehow more admirable than partitioning it between France and foreign powers. Why do we all, Lawrence included, read the story as one of "betrayal?" Those chiefs and later Arab nationalists have made an awful mess of the Middle East. Using short sight, Kedourie has also argued, by minute attention to war documents, that Lawrence and the Arabs never really "captured" Damascus, fulfilling their "revolt's" natural aim.

Quite simply, Allenby held back his troops and deliberately let them enter it for reasons of publicity. We might be nearer an intelligible Lawrence with a personality which has a recognisable feel. I find it rather sad that we are still writing on his centenary without a head-on confrontation with the historical questions raised by his genius of a life.

Malcolm Rutherford on the continuing memoirs of Lord Zuckerman, defence expert and zoo boss

A very social scientist

MONKEYS MEN AND MISSILES: AN AUTOBIOGRAPHY 1946-88
by Solly Zuckerman
Collins: £19.50, 498 pages

THE FIRST volume of Lord Zuckerman's autobiography ended in 1946 with the author seeming slightly aggrieved that he had not been given proper recognition for his scientific contributions to tactical bombing in the Second World War. Despite the lures of Whitehall, he was determined to return to academic life. He did not entirely resist the temptation for long, however, and even now still has a place in the Cabinet Office as a one-day-a-week consultant.

Zuckerman describes his career as having been shaped by "one accident after another with no clear goal in sight" and, certainly, few other people in public life can have had such varied experiences. He was born and educated initially in South Africa, a country he left without regret. He was trained as a doctor of medicine but clearly leaned towards biology. Most of his early work was done on monkeys and he might have contributed to the development of the contraceptive pill.

He was also immensely social. After he arrived in England, he quickly became a member of what was left of the Bloomsbury group. Later, in New England, he gravitated to New York at weekends where, as he writes, he "flitted from one circle to the next." Friends like Alfred Hitchcock, the Gershwins, the poet E. E. Cummings and the playwright Thornton Wilder, who seems to have been an American agent, flit in and out of the autobiography although Zuckerman notes that in New York — unlike London — no other scientists were part of the social scene.

Indeed, Zuckerman does not seem to regard his scientific background as especially unusual. He writes that it was not until after the Second World War that he first heard a discussion about a possible shortage of scientists in Britain. He has several swipes at C. P. Snow, the man who claimed that the country was being divided into two cultures. Snow, he says, was "more a novelist than a scientist."

If there were two cultures, plainly Zuckerman spanned both. He had two main assets in his career. The first, which could have come from an arts man as much as a scientist, was that he chose to assemble evidence before reaching conclusions. The second was that he knew a remarkably large number of people. It was the latter asset that was so helpful when eventually he agreed to return to Whitehall as chief scientific adviser to the Ministry of Defence after the war.

He remembered, and was remembered by, practically every contact he made while the war was going on, and many of them were Americans.

Towards the end of volume two, Zuckerman writes of the special relationship between the two countries: "It is not an institutional arrangement, but a reflection of the personal ties that exist between *individuals*, particularly in the US and the UK nuclear and intelligence communities. Without these links, the 'relationship,' whatever its political significance, would, I imagine, simply fade away."

Certainly, it was on the personal ties that Zuckerman played, and was encouraged to play, by successive British prime ministers. Without them, Britain might not now be a nuclear power. Even with them, it was touch and go.

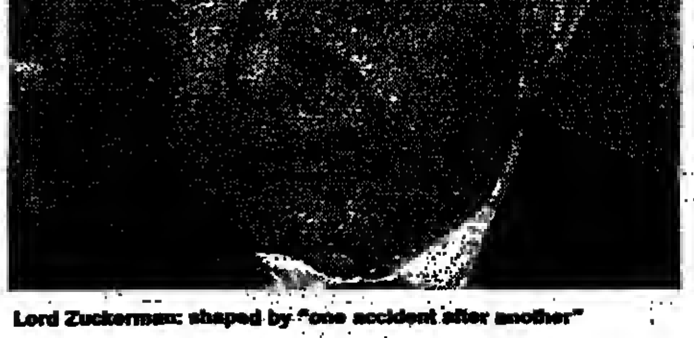
Zuckerman's account of how Britain stumbled into getting Polaris must clearly have been through the Cabinet Office censor — presumably, the now Lord Armstrong — but it is still a pretty devastating tale of incompetence on the British side. Having cancelled their own weapons system, the British sought to rely on the American Skybolt, which was cancelled in turn. Polaris came as a compensation which, initially, the navy did not want. The deal owed everything to the Zuckerman definition of the special relationship.

Defence, no doubt, will be the subject for which Zuckerman is most remembered, not least because of his early recognition of the limitations of nuclear power. He believed almost from the start that nuclear weapons could deter, but not defend. To talk of using them was to deny their deterrent purpose. Such a view was heresy — especially coming from a high official — when he put it to Nato in the early *1960s, yet it* became the basis for subsequent efforts at arms control.

Zuckerman had the confidence of one prime minister after another, notably Macmillan, Wilson and Heath. Perhaps also, however, he had a shrewd idea of the limitations of his own influence. For, taken together, the two volumes *of his autobiography* are not really a story of specific progress. They are a tale of committee following committee. Neither Whitehall nor the armed forces come out very well. There are professional and personal jealousies; people don't like each other, yet their paths cross perpetually. It almost seems that it is only when a few people who have cooperated before come together again that anything begins to work.

What I find slightly odd is that Zuckerman's inquiring mind apparently is so uncritical of this lack of organisation. Perhaps he really does believe that he was simply lucky to have been there and to have seen *so much. Organisation* might also be missing in his own work. Not many autobiographies are worth nearly 1,000 pages. This one could have done with trimming.

There are some fascinating chapters, especially on his time at the London Zoo. But, in the end, one would have settled for a few less specimens and rather more imagination. It is the scientist turned Whitehall committee man — not the friend of Hitchcock — who has done the writing.



Lord Zuckerman: shaped by "one accident after another"

Fiction

Labours of love — and lust

RICH IN LOVE
by Josephine Humphreys
Collins Harvill. £10.95, 261 pages

SWEET DESSERTS
by Lucy Ellmann.
Virago. £10.95, 261 pages

THE BELLS OF AGONY
by Autran Dourado translated from the Portugese by John M. Parker
Peter Owen. £12.95, 236 pages

RICH IN Love is a simple story told marvellously. Hardly a story at all in the sense of things happening in sequence, more the unfolding of a girl's world inside some domestic event.

Lucille, who is 17 and lives on the edge of Charleston, has something she calls "invision" which enables her to see the world, and ordinary visible objects, with a special intensity, a kind of ulterior quality. Lucille is a dear, if a bit priggish, and one longs for her radiant idea of the family (her family) to be fulfilled.

Alas, it isn't. When pop retires, mother can't stand him around the house all day and vanishes. Lucille gathers the *reins of household government* in her small but capable hands, playing bridge with pop, taking him for walks, cooking, cleaning, dropping out of school to play Pollyanna.

Rich in Love has no lessons to point. It merely exists: an idiosyncratic, half-juvenile world held with what seems like perfect pitch. Lucille doesn't try *to be idiosyncratic;* she has no mannerisms, no teenage tics, no special Holden Caulfield voice. You simply believe *it*, her, the landscape, maddening pop, remote mother, the inner and the outer worlds, the social humiliation and the subcutaneous bruising. All are caught with the liveliest touch, an accuracy of spirit and feeling that is unmistakably right, a sweetness of tone that is never cloying.

Something must link two novels with young American heroines when both have pictures of naked girls on their jackets. Those of Sweet Desserts look the sexier, and not surprisingly.

Suzy from Illinois, now living in England, is an unselectively randy girl, available to all and sundry — and very sundry most of them are, picked *sometimes* on a moment's acquaintance: the man in charge of *couchettes* on a French train (while other passengers thunder on the door), an attractive telephone voice when a wrong number comes through, even (unless I misread it) Suzy's dying father, which is rather hard to take.

A first novel, it is highly accomplished in a tossed-salad sort of way. There are bits of everything including quoted snatches of this and that, sometimes relevant only obscurely to what's happening. They are flung together with almost Monty Pythonish cheek to build up a picture of the life and times of a girl who, in her way, is as family-minded as Lucille but who ends fatherless and husbandless with a small daughter after many vicissitudes, some sad, some merry, and mainly a bit of both.

Short, brisk, funny, often tender, a sort of latter-day Pursuit of Love (or, perhaps more accurately, pursuit of sex), it has plenty of warmth and presence and a real sense of Suzy.

The Bells of Agony is the story of Phaedra and Hyppolytus set in 18th century Brazil: very steamy, very passionate, and (it seems) translated very finely. Careful footnotes and explanations, much needed and not pedantic, help you through the maze of Portugese colonial life in which gradation of skin colour divide everyone into exact categories from which there is no legal escape.

At the bottom come the Africans, slaves imported to work mainly in the gold mines, and their descendants; higher, the "Indians," native Brazilians; higher again, the Indian crossed with white; highest, the pure European. Even in the 18th century, it seemed it was trendy to claim — so long as you were white enough — some Indian blood way back.

The mixture of European sophistication and ill-digested Enlightenment ideas with violence, executions, brandings, slavery, the Inquisition, voodoo and the vast, untracked rain forest is well-suited to a story of the fiercely physical and the delicately conscience-stricken.

Lucy Ellmann

Malvina, a gorgeous redhead far beyond most Brazilians' dreams of fairness and glamour, is married to a rich, elderly man and falls passionately in love with his chaste and beautiful son. The story rumbles on to its apocalyptic end. We know the moves but the setting is a series of surprises; symbols fly about like bats in a terrible twilight. High claims made for Dourado seem justified.

Isabel Quigly

Marxism for the masses

FREE TO LOSE: AN INTRODUCTION TO MARXIST ECONOMIC PHILOSOPHY
by John Roemer
Radius (Hutchinson) £20.00 (or £7.95, paperback) 203 pages

A SINGLE book sometimes can provide a gateway to a previously inaccessible realm of knowledge. With luck, John Roemer's brilliant new exposition of Marxist economics will serve this role for some curious readers.

Roemer, recognising that the "linguistic and logical oddities of Marxist discourse" represent an almost impenetrable barrier for the uninitiated, has taken it upon himself to translate the ideas into the more familiar jargon of contemporary "mainstream" economics. By and large, he succeeds admirably.

In the process, he is forced to *discard some cherished nostrums*. The labour theory of value — the notion that market prices should be proportional to the labour time required to produce commodities — is dismissed as "simply wrong." So is the famous claim that a falling rate of profit will eventually undermine capitalism. But although these and other specific Marxist claims cannot be substantiated, Roemer thinks the insights behind them can often be salvaged.

The labour theory of value, for example, was intended to show that workers are necessarily exploited in the capitalist system. The theory is wrong; but Roemer believes that workers nonetheless are exploited, in that the labour they expend typically exceeds the labour embodied in the consumption goods they are able to buy with their wages.

The genius of capitalism, of course, is to disguise this fact. The feudal peasant who works three days for himself and two days for his lord is in no doubt *about his economic situation*. The Ford worker, however, has no means of knowing what proportion of his labour is expropriated by the stockholders in the guise of a return on capital or entrepreneurship. The subtlety of the system is such that workers do not have to be coerced crudely: they can be left freely to choose whether and *to whom to sell their* labour.

Roemer will infuriate traditional Marxists by querying whether exploitation is necessarily unjust. Exploitation in the Marxist sense arises because of an unequal distribution of the capital stock. An unequal distribution is clearly unjust if it was achieved by robbery or plunder (as has often been the case). But what if differences in wealth reflect different propensities to save and work? Roemer gives an example where Adam is able to exploit Karl, despite starting with the same endowment, merely because initially he is *more willing to postpone consumption*.

The argument can be pushed further by supposing that British Chancellor Nigel Lawson's "popular capitalism" is taken to its logical limits. Suppose all citizens are given an equal per capita share of the capital stock and that all inheritance is abolished. Would such a *"purified" form of capitalism* be acceptable?

Roemer, rightly, has no doubt that it would be preferable to the status quo. But he is sympathetic to the fundamental Marxist argument that the behaviour and preferences of individuals are determined largely by the nature of the economic system. He worries *that capitalism is bad for self-*realisation: that the harsh and acquisitive personalities created by competition are doomed to remain unfulfilled in some larger sense.

Such an illiberal concern for others is deeply unfashionable; but it makes refreshing reading all the same.

Michael Prowse

Lives nipped in the bud

LATECOMERS
by Anita Brookner
Jonathan Cape £10.95, 248 pages

ALL OF ANITA Brookner's novels are separate from each other; but as each book succeeds the last, around this time of year, they seem to be parts of a larger whole: a 20th century *comédie humaine*. It is enacted by persons who outwardly are secure middle-class citizens of central London, enjoying affluence, members of supportive families, possessors of *British passports, but whose* lives at an early stage have been nipped in the bud. Christopher Isherwood once planned to write a vast novel about pre-war Berlin to be called The Lost; Anita Brookner is doing just that for post-war London.

In Latecomers (to be published on Thursday), her principals are two men who came to England as children from Nazi Germany, orphans of the holocaust. They now live in adjacent flats in Westminster. Hartmann and Fibich attended the same school and formed a friendship when they were boys which enabled them to make the transition to another culture.

As adults, they further cemented this initial bond by going into partnership, running a small printing business, switching just at the right moment to photocopying and becoming rich. For them, business and family, work and private life, merge into one.

Out of the business came a wife, formerly an employee; likewise a son-in-law. The different women characters — Hartmann's beautiful asexual wife, Yvette, the long-suffering Christine married to Fibich, and the Hartmanns' promising daughter, Marianne, whose life goes to pieces after she has borne children — all are memorable, as is the Fibichs' Adonis-like son, Toto.

But it is the lost childhoods of the two men, who go from youth to old age in the course of the book, that are shown to have repercussions far beyond their own lives. Nothing much seems to happen, and yet a great deal is happening all the time as the author considers her characters' changing situations in those passages of retrospective analysis that are her hallmark.

At one point, Fibich, in a state of nervous collapse, decides that his only course is to return to Berlin which he has not seen for half a century. The account of his aimless wanderings there in search of a vanished world he does not remember is masterly.

Now, with Latecomers, we have a moving, imaginative treatment, full of insight and understanding.

Anthony Curtis

Crime

MENACING GROVES
by John Sherwood
Gollancz. £9.95, 224 pages

THE COLD LIGHT OF DAWN
by Graham Ison
Macmillan. £9.95, 223 pages

ONE FINE DAY THE RABBI BOUGHT A CROSS
by Harry Kemelman
Century. £10.95, 234 pages

CELIA GRANT, the apparently demure horticulturist in Menacing Groves, is an observer not only of flora but also of fauna, especially the human branch. On a garden tour of Tuscany, she encounters more rogues than roses. In moving his charming heroine to Italy, John Sherwood extends her range and his own with admirable skill.

Graham Ison, a retired Scotland Yard detective chief superintendent, proves himself also a sound, sensible writer with his first novel, The Cold Light of Dawn. His intimate knowledge of Whitehall and high-level manoeuvreing serves him well: his story is plotted elaborately but convincingly and the settings are *well-visualised*.

The latest in the adventures of Harry Kemelman's Rabbi David Small, One Fine Day the Rabbi Bought a Cross, which takes the protagonist to Jerusalem, represents something of a falling-off.

Admittedly, Jerusalem is a small city, but the coincidental encounters seem excessive. Still, the author has not lost his fine irony and gentle wit, and there is still much to enjoy in this novel.

William Weaver

An elegy to Fleet Street

THE FUNNY SIDE OF THE STREET
by Mike Randall
Bloomsbury. £13.95, 182 pages

THE TROUBLE with Mike Randall's book is that you never really know whether he is having you on. You get it right from the first chapter, Daylesford Dilemma, when, as deputy editor of the *Daily Mail* back in the early 1960s in the absence of the late William Hardcastle, Randall was invited to his first weekend at Daylesford, Lord Rothermere's house in the Cotswolds, and instructed to bring "a dinner jacket, swimming trunks, a lounge suit and a country suit."

Randall says he hadn't a very clear idea what was meant by a country suit, besides which he had a strange shape — he was 6ft 2½in tall and "weighed 10¼ stone with a stoop (caused by the constant expectation of a stab in the back . . .)"

He tried the Savile Row connection and was told they couldn't exactly cater for a gentleman of his odd proportions. He settled finally for a *quick deal with* a more down-market tailor, which seems to have worked in a rather strange kind of way.

But the man who didn't know about country suits didn't do too badly in Fleet Street — Hardcastle's successor as editor of the *Mail* and, as far as his fans are concerned, the editor who took the Rothermere journal *of* the Right into being as liberal as it has ever gone (until he was sacked a fairly short time after national awards for himself and the paper).

There is all this and lots more. Randall's book is a kind of elegy to a vanished Fleet Street, a tribute to the end of an era. I joined the *Mail* just *after he left* but remember how his image survived. He has written a very amusing book and one that will make us laugh and weep about the street where we once used to live.

Alan Forrest

Moscow's ugly duckling

To break the addictive routine of *Swan Lake*, and perhaps to prevent its dancers from an outbreak of pernicious cygnism – sufferers develop feathers and a reluctance to leave the proximity of water – the Moscow Classical Ballet has put on what it calls a "Ballet Spectacular" at the Business Design Centre in Islington.

The most spectacular thing about the evening that I attended was the lacklustre orchestral playing and the dire musical arrangements, and the trumpery nature of much of the choreography. About tha music it can be said that the brutishly amplified orchestra sounded as if it were paying off old scores rather than playing them, while the adjustments to a work such as *La Sylphide* were a miserable affront.

The purpose of the evening was to provide two sections of uneven extracts from classical ballets, plus a sampling of the choreographic manner of Natalya Kasatkina and Vladimir Vasiliov, directors of tha troupe. Thus the centre of the programme was devoted to a selection from their *Creation of the World*, a work which indicates the vast gulf that still exists between Soviet expectations of choreography and theme, and those obtaining in the West. Terminal winsomeness about Adam and Eve is unlikely to win a critical heart – however much the audience may giggle at a she-devil trying to tempt Adam with a low-key seduction routine, or find acceptable a cohort of angels ravaged by the galloping cutes. The piece is not exportable – tha four years since we last saw it have not made it seem any the less alien – and it is to be suffered only for the simplicity and grace of Stanislav Isayev as Adam.

It is the men of the company, including Mr Isayev, who make the evening bearable. In a ludicrously inadequate scene from *La Sylphide* – where the sylph wore a costume surely intended for a woman in a more interesting condition – Igor Terentyev made James, and the dance, seem ardent. In Victor Gsovsky's celebrated *Grand Pas*, Vladimir Malakhov – sensation of this season – showed yet again the beautiful line, the softly springing elevation and the academic probity of style that reveal him as a teacher's pet of a dancer.

Ilgiz Galimullin is a staggering demi-caractere virtuoso, able to race, to fly in the grand tradition of Russian bravura men, flinging the most transcendental effects at us with the happy, winning skill. He defied gravity and put steps gloriously into orbit in a couple of pas de deux. And I have great admiration for Viktor Kasatsky, who stormed through something called *Petersburg Twilight* – snow, the adagio from Chaikovsky's fifth symphony, and a lady in a white leotard, as consenting accomplices – like a Dostoyevsky hero. Inexplicable. And unforgettable, because of Mr Kasatsky's impassionad, haunted presence, which turned hokum into art.

Clement Crisp

Vladimir Malakhov and Valeria Tsoi in *Creation of the World*

Records

The masters remastered

"20th-Century Classics" is the unambiguous title for a new series of mid-price compact discs from Deutsche Grammophon. The first two batches of discs to appear, some 20 releases in all, cover a wide ranga of reissued material, most of it remastered from analogue originals, and restore some important recordings to the catalogue. The choice of repertory is refreshingly wide, and includes works that seem not to have been available on record in Britain before.

Few of the discs are entirely without interest, though Von Karajan's over-empbatic and laboured accounts of Stravinsky's Symphony of Psalms, Symphony in C and Dumbarton Oaks Concerto (423 252-2) as well as a thoroughly unidiomatic Britten coupling of *Les Illuminations* and the Serenade for tenor, horn and strings, conducted by Giulini, with the *Young Person's Guide* under Maazel(423 239-2), are not likely to attract many purchasers. But Karajan's performances of Honegger's Second and Third Symphonies, first released in 1973 (423 242-2), are definitive and still unrivalled, and his selection of orchestral works hy Webern, including

Herbert von Karajan in his heyday

the Passacaglia, Op.6 Orchestral Pieces and the Symphony (423 254-2), the last recordings from his early 70s collection of the Second Viennese School to find its way onto CD, remains a miracle of fastidious control and orchestral refinement.

Scboenberg, Berg and Webern are generally well represented in this series. Pollini's magisterial accounts of Schoenberg's complete piano music (423 249-2) were long overdue in this format, and the LaSalle Quartet's equally impressive versions of *Verklaerte Nacht* and the String Trio (423 250-2) make a marvellous bargain at mid-price – the digital recording first appeared only four years ago.

Similarly, Boulez and the Ensemble Intercontemporain in Berg's Cbamber Concerto, with Zukerman and Barenboim as sololsts, a disc wblch inclndes performances of the Clarinet Pieces Op.4 and the Op. 1 Piano Sonata as fill-ups (423 237-2) is likewise one that could convincingly have been released at full price. Abbado's Berg performances with Margaret Price and the London Symphony Orchestra – the *Lulu* Suite, Three Orchestral Pieces and the Altenberg Songs (423 238-2) – constitutes one of the most attractive pacakages from DG's Berg survey assembled for tbe centenary four years ago, and makes one hope that the venerable recordings of both of tbe operas under Karl Böhm will follow in this series soon.

The only opera among the first releases is Bartok's *Bluebeard's Castle*, the 1979 version with Fischer-Dieskau and Julia Varady in the leading roles and the Bavarian State Orchestra conducted by Sawallisch (423 236-2). The performance tends towards hysteria, though DFD followers will doubtless welcome the opportunity to obtain the later of his two versions of Bluebeard in refurblsbed sound. Bernstein's performances of Stravinsky's *Les Noces* and the Mass (423 251-2), recorded in 1977 with English Bach Festival forces and, in the first work, an illustrious quartet of pianists led by Argerich and Zimerman, has always carried a special charge which seems even more electric and immediate now, though one could argue over some details of the performances.

Ives's Fourth Symphony in Ozawa's admirably controlled account and Tilson Thomas's rapt *Three Pieces in New England* (423 243-2) offer the only American music in the list, Messiaen's *Quartet for the End of Time*, played efficiently rather than ecstatically hy Yordanoff, Tetard, Desurmont and Barenboim (423 247-2) surprisingly the only French. But the selection of works by living composers is otherwise enterprising and invaluable. Three works hy Bruno Maderna conducted hy Sinopoli (423 246-2) provide a fine introduction to his underrated mnsic and include tbe substantial *Quadrivium* and luminous *Aura*, while Berio's *Coro*, conducted by the composer (423 902-2), teases out the textures of what seems more and more one of tbe most imposing and profound of his recent works.

Both of those are straight reissues of earlier LPs, but the LaSalle's performances of quartets hy Lutoslawski, Penderecki, Cage and Mayuzumi (423 245-2), a rather *ad hoc* collection, brings together material of varying vintage, and the remaining discs devoted to Nono, Ligeti and Takemitsu respectively are similar compilations, though hy and large most intelligently assembled.

The Ligeti collection (423 244-2) is based upon Boulez's 1983 recordings with the EIC of the Chamber Concerto, *Ramifications* and *Aventures*, but strangely it omits the account of *Nouvelles Aventures* from the same source in favour of an ancient performance of *Lux Aeterna* and an exemplary one by the LaSalle of the magnificent Second Qnartet. Nono's *Como una ola* and . . .*sofferte onde serene*. . . (423 248-2) appear without their original LP couplings of other pieces by the same composer but with his tape-piece *Contrappunto dialettico alla mente*. One hopes the omitted works will appear in this series before too long.

The Takemitsu disc (423 253-2) is in some ways the most useful of all, for his music is poorly represented in the domestic catalogue, and this includes two of his hetter known orchestral works, *Quatrain* of 1975, and the serenely beautiful *A Flock descends into the Pentagonal garden* of 1977, together with a collection of smaller-scale instrumental pieces. It is the kind of repertory which the major record companies have neglected in the 1980s, and its reappearance now deserves both a warm welcome and continned support.

Andrew Clements

Design for Minstrel Tiles, c.1872, from the book *William Morris by himself* by Gillian Naylor

Embroidering on a theme

British design was at its most original during the final two decades of the last century. The fusing of creative talent and entrepreneurial energy meant that commercial textiles were available to the prosperous middle-classes on a scale and of a quality they had never enjoyed before.

Apart from a few houses, such as Wightwick, it is now impossible to get an idea of the importance of textiles in late 19th century furnishing. Even those wonderful photographs of interiors by Bedford Lemere can only hint at their richness of texture and colour. A major textiles exhibition, therefore, at the Victoria and Albert Museum, comes as a revelation to those bronght up on tha myth of dark and gloomy Victorian interiors.

The exhibition – until October 9 – has been mounted to celebrate the centenary of the founding and first exhibition of the Arts and Crafts Exhibition Society. It has been chosen and organised by Mrs Linda Parry, almost entirely ont of the museum's own astonishing collection.

It divides neatly the designs and furnishing materials made for mass production on the one hand and the great artefacts of the period on the other. A good thing, too, for the V&A, as it moves into an ambitious programme to rehabilitate and restore the museum as a work of art in its own right, has no major exhibition space. Thus, the two categories are split between the tapestry room and the first floor of the Henry Cole wing.

Mrs Parry has written a book* on textiles which, although not a catalogue of the exhibition, is a complementary study of the movement. The book provides potted biographies, an absorbing history of the exhibition society, analysis of stylistic developments and a good account of manufacturing techniques and the social environment.

The origins of the exhibition society lie in a complex series of revolts against the Royal Academy's dead hand on English Art. Earlier thia spawned the Art Workers' Guild and, after schism and debate, led to seven artists and designers, under the leadership of Walter Crane, Lewis F. Day (both of whom admirably represented) and W.A.S. Benson, inviting other artists and craftsmen to form the nucleus for an exhibition of the decorative arts.

The first exhibition was held in 1888; by 1916, when Mrs Parry concludes her study, creative energies were burning low and commercial textile firms no longer encouraged individual skills and original design. A short enough period, yet one that had taken us from geometric pattern-making to the striking novelty of approach and techniques employed by Baillie Scott and the Glasgow school at tha turn of the century.

William Morris dominates the craft section. There is a copy of a 16th century Turkish textile by J.H. Dearle, Morris's chief designer and, perhaps their masterwork, a large drawing room carpet that was shown in the 1893 exhibition with a tapestry, The Orchard. The carpet looks as if it has just come from the loom. The tapestry appears sadly dated.

Embroideries exist in profusion. We begin to get a glimpse of Morris's daughter, May, not merely as a virtuoso craftswoman hnt also as a designer of rare talent in her own right. Yon can judge this from a portiere (a doorway curtain) rightly described by George Bernard Shaw as a "glowing fruit forest."

Five of William Morris's exhibits at the V&A are illustrated in Gillian Naylor's sumptuous new book *William Morris by himself* (MacDonald Orbis, £35.00). A fascinating selection of his own writings, public and private, which illuminate Morris's artistic and political development, is complemented by excellent and colourful full page photographs. The emphasis is on commercially-produced textiles, stained glass and the Kelmscott Press. Only the interiors of Wightwick and Standen, which seem to spring from the Laura Ashley catalogue, strike a false note.

Virtuousity with the needle was a tradition that persisted – witness the wonderful panel woven by Grace Christie, c.1914. More significant however, for the development of Art Nouvean and the Viennese Secession, are the panels by Baillie Scott and Jessie Newberry's collar and cushion cover. What is so odd is that the work by the younger Scots designers (many keenly influenced by Charles Rennie Mackintosh) seem to have coexisted with the English tradition, but to have had absolutely no influence on it – an extraordinary degrea of segregation given the influence they were soon to have on the continent.

Of the great designers for the crafts, Voysey is far better presented in the exhihition's second section. His ability to design with a fresh eye, but totally appropriately for the industrial process and fabric chosen, can readily be appreciated. Contrast his woollen cloth "The Owl" with the delicate blockprint silk cover he designed for G.P. & J.Baker. But then, such aympathetic co-operation between designer and manufacturer was the hallmark of arts and crafts textiles.

Commercial firms employed many designers whose original training lay in the fine arts and wbose draughtsmanship, testified by the designs of Haite, Harry Napper and Lindsay Butterfield, sbown with examples of their textiles, was worthy of the walls of the Academy itself. What is interesting is the degree to which such designers were in demand on the Continent. The products of the Silver Studio, for example, were much used by weavers in Lille, northern France.

This is an exhibition to be savoured not only by students but by all who would urge today's designers and manufacturers – some of whom, it is fair to say, have well understood the value of the V&A's historical sources – to revert to the harmonious relationship between creativity and technology. It is encouraging, therefore, to see that Habitat is its sponsor.

■ Textiles of the Arts and Crafts Movement. Thames & Hudson £12.95.

James Joll

Radio

Gloom and doom

Last Sunday I caught the repeat of *Feedback*, the programme in which Christopher Dunkley discusses listeners' letters – a sort of dramatised version of the Letters page in the Radio Times. Ona point insistently made, mostly by women correspondents, was that the afternoon plays are so depressing, so I listened a bunch on Radio 4.

On Tuesday, Ray Hartshorne's half-hour *End of the Line* rather sustained the complaints. It was in a Midland dialect, and dialect is evidently not popular. We heard ageing unemployed Frank and his wife arguing about their idle son Wayne, still in bed at 9.15. The Job Centre phoned, but Frank couldn't even wake his son to take the call. Then came another phone-call – from Wayne himself. He had quietly got himself a job in Wolverhampton. Nostalgia and laughter to end with.

Later that afternoon we had the first instalment of Le Carre's *Tinker, Tailor, Soldier, Spy*, which was exactly as good as you would expect it, according to your taste, and very decently played.

Wednesday gave us John Latham's *Heavy Roller*. Women listeners might be listlass about cricket, bnt although this concerned a cricketer it was hardly about that. It was about Skip (nicely played by Clive Swift), who was so obsessed about the game that he lost his wife.

She was preparing to leave him one afternoon, while he was bossing his patient team and thinking aloud, poetically, about wood, sawdust, iron, rain and other matters that he apparently picked up from his childhood reading of Wisden. At the end, Skip tried fatally to shift the heavy roller single-handed, calling on Jessop with his last breath. And yes, this was a truly depressing piece.

I missed Thursday's matinee, *Over My Dead Body*, by Richard Morris, apparently an hilarious piece abont a stranger found murdered on someone's bed. Hilarity of some kind was clearly due by then.

It was a good idea to give Masterlinck'a *Pelléas and Mélisande* in English, as a play, on Radio 3 on Sunday afternoon when we were to hear it in French, as an opera, in the evening. The qualities of the Lyons Opera and John Elliot Gardiner have been assessed in the FT by Richard Fairman. I felt, not for the first time, how clever are composers like Dehussy and, say, Weber, to turn poor libretti into masterpieces. Bnt I must confine myself to the drama, as played under David Johnston's direction, and I have to say that I found it edncational rather than enjoyable.

Mr Gardiner, in his interval talk, had to confess that the words were "banal, foolish even" but at least he had them in French. We had them in an English translation hy Timberlake Wertenbaker, who was educated in France and knows her Maeterlinck well enough to retain his simple locutions and not add any quasi-dramatic polish. Sometimes I felt she might have sought a commoner phrase – the linden is the lime-tree, even in Fairyland – and when Melisande, weeping by the fountain, tells Golaud, "I've run away, away, away," this may be Maeterlinckian, but it is not English.

It was nostalgic to haar those Spike Jones records in Radio 2's *King of the Cowbells* on Tuesday, even if you soon realised that the City Slickers were making the same jokes over and over again.

Unlike most of today's pop "musicians," they played their instruments with considerable competence, no matter what they might be playing. Nostalgia is Radio 2's principal armament, and this hit the target. Jonathan James-Moore was the producer.

B.A.Young

On a singular note

In this most heterogenous of musical ages, categorising a living composer is never easy, but nevertheless Gerald Barry – whose *Chevaux-de-frise* receives its first performance in Monday's Prom – defies classification more than most of his contemporaries. Even the bare outlines of his biography would suggest a fairly singular creative personality – born in County Clare, Ireland, in 1952, studies in the Netherlands with Peter Schat, in Cologne with Stockhausen and Kagel, and in Vienna with Friedrich Cerha; an organist by training and sometime lecturer (at Cork University) by expediency, who now lives in the Irish Republic as a member of the Aosdána, through which he receives a government stipend to continne his work as a composer.

Irish composer Gerald Barry

Barry first gained attention in London in 1980, when the MusICA series devoted a concert to his works. Those pieces, the first written in 1977, are the earliest music that Barry now acknowledges. Since then his output has centred on the composition of an opera, *The Intelligence Park*, which was initially commissioned by the ICA, hnt which now seems likely to heard first at the Almeida Theatre in two years time; a number of the other pieces written in recent years hava related more or less directly to part of that, though the Proms commission is quite separate.

Asked by the BBC in Northern Ireland to write a piece for the Ulster Orchestra that marked the 400th anniversary of the defeat of the Spanish Armada (an event with surprisingly strong resonances around the Irish coast), Barry first rejected such programmatic associations as inappropriate for an Irishman to celebrate, but then produced *Chevaux-de-frise*, whose violent musical images and manic energy could easily suggest the Spanish galleons foundering on the wild coastline of Western Ireland and whose title too is specifically warlike – a cheval-de-frise was a framework of spikes arranged so that charging cavalry would find themselves lethally impaled.

None of the possible influences from his training – perhaps music theatre from Kagel or Stockhausen, or orthodox serialism from Cerha – have survived in Barry's works, which in many ways hark back to Baroque styles and forms, though the appearance if not tbe aesthetic of some of his scores might suggest American minimalism. But his organ-loft background at least can still be heard in hia approach to orchestration, an influenca that Barry freely acknowledges and which he happily relates to Bruckner, one of his favourite composers, who is placed in a idiosyncratic personal pantheon alongside Berg and Ives.

Nevertheless his encounters with two of tha most singular personalities in post-war European music have left aome mark. The arduous, sometimes day-long analysis sessions with Stockhausen, who concentrated upon his own scores and rarely looked at the work of his students, and aspecially Kagel's demands of absolute professionalism in every aspect of the composer's craft – Barry remembers being chastised for arriving at a lesson with his work stuffed into a variety of supermarket carrier-bags – hava moulded him into an extremely able and thoroughly singla-minded composer.

The combination is formidable. He admits thet he works slowly and finds writing music desperately hard – "What little there is to be said has been said so well by so many wonderful people that to alight on something fresh is extremely difficult." The qnest for freshness is paramount. "Good music must give the sense of seeing from a new perspective. . . the only responsibility a composer has is that he shouldn't inflict on the world any more music that doesn't say anything new, or at least say it in a new way."

It is perhaps for these reasons that Barry finds himself at odds with the mainstream of contemporary composers. Having spent the late 1970s in Europe on a succession of scholarships, in 1980 he made tbe decision to return to Ireland, partly hecause he missed his homeland, but also because he wished to opt out of the treadmill on which he felt young composera were compelled to labour. He is well aware that his career may have suffered in the process; had he stayed in Germany he would have doubtless had performances and commissions showered upon him and his name would be widely known.

Yet ha is happy now to remain on the periphery, and the current uniformity of approach, in Britain and on the Continent, horrifies him: "Everyone's on a compositional catwalk now, a fashionable style that will almost invariably ba successful. There's a constant jostling for position and performances; composers are ont to make a career at all costs. They do the rounds from festival to festival, summer scbool to summer school and inevitably some are successful. But music is forgotten in the process, no-one takes enough time to consider what they're doing. I just think of Joyce devoting his life to writing two main works – thet's an age that seems to have gone for ever."

Andrew Clements

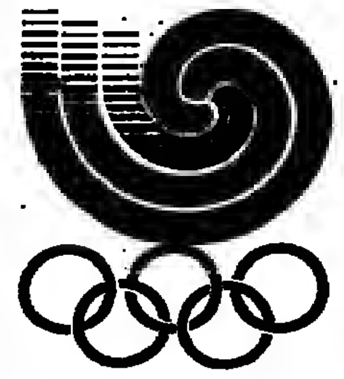
Chess solution

Chess No. 735: 1 R-R5 (threat 2 Q-B4). If 1 . . . RxB; 2 RxR (R3), or KxB; 2 Q-B4. We were unable to run the chess solution last week. The solution to Problem 734 is: 1 N-B7. If KxN (B2); 2 B-R2, or if KxN (K2); 2 B-B5, or if BxN (B2); 2 N-K8.

SPORT

Beware the backlash at Seoul

***Michael Thompson-Noel** foresees trouble if UK athletes fail to live up to their billing*



TRY AS I might, I find it difficult to comprehend the dazzling optimism displayed by Frank Dick, Britain's director of athletics coaching, in the wake of last weekend's pulsating tbougb controversial UK Olympic trials in Birmingham, a city in the industrial Midlands that still entertains extravagantly ill-conceived hopes of bosting the Olympic Games themselves at some dim and dire date in the run-up to Armageddon.

The trials progressed with barely a hitch and were followed by the announcement that Britain would be sending to Korea an athletics squad of approximately 100 as part of a total UK team whicb, at last night's count by the British Olympic Association, stood at 384 competitors – to be accompanied, of course, by around 200 OWBs (Officials Wearing Blazers) and about 458 GMPs (Grubby Media Persons). The GMPs comprise 180 from the BBC, whicb eugurs dismally for the licence fee, plus 100 from ITV and 178 miscellaneous print and electronic personnel.

I say "approximately" in the case of the athletics squad becanse the final count will depend on who does or does not achieve the necessary qualifying standard by August 28 in events that include the men's high jump, shot put, hammer and decathlon, and the women's long jump and heptathlon.

American heptathlete Jackie Joyner's new world record of 7,215 points is 1,487 points, or a remarkable 26 per cent, ahead of the best British performance this year, so do not get excited. In contrast, UK sprint star Linford Christie's 10.15 seconds for the 100 metres is only 1.9 per cent slower than Olympic champion Carl Lewis's hest time this year. So speaks the pocket calculator. In some quarters, Christie is regarded as a medal prospect – although, at best, I would pencil him in as a finalist.

Correctly, Dick asserts that the Birmingham trials provided "the greatest concentration of excellence we have ever seen in Britisb athletics. It was three days of quality, but I don't believe it will be the best we shall see this year," he said. "I helieve we have an incredihly strong team and I believe we shall get results to match."

What I cannot puzzle ont is Dick's claim that the British team contains up to 22 genuine medal shots: men and women more than capable of challenging for a medal. According to Dick, experience shows that 50 per cent will hit the target.

Eleven athletics medals for Britain next month? I do not believe it. Not that it matters. Bnt I see trouble and strife looming if the great British public is to be pumped up and puffed out by a balloon of propaganda, only to be punched in the face by the dawning realisation – as relayed from Seoul by the GMPs – that, in modern athletics, Britain is a tin-pot power, a track and field has-been that should be ranked on abont the same level as . . .well, Australia.

At least Australia has genuine excuses for its loss of majesty: the lure of the surf, the call of the Outback, and all the noxious liquids and substances and subsidised opera that prosperity can buy, spring to mind.

Britain, however, has no sncb excuses. If the British public is told by its tabloid masters to expect a dozen athletics medals in Seoul but discovers, come the end of September, that it has won only three, or one, or possibly none, I would hate to contemplate the consequences.

The pound would behave like a yo-yo in heat. It would be the end of the monarchy. Governments could fall. Holidays would he cancelled. Swearing would increase. There would be hushfires of apathy and metaphors and similes would mingle lasciviously.

What is Dick thinking of? It cannot be those hammy little Games in southern California four years ago where Britain, it is true, scooped a glittery haul: three golds (Sehastian Coe, 1,500 metres, Daley Thompson, decathlon, Tessa Sanderson, javelin), plus six silver and seven bronze. Total: 16 athletics medals. Relevance: devalned severely hy the stay-at-home policy of the Soviet Union and most of its allies in reprisal for President Jimmy Carter's (and Mrs Margaret Thatcher's) spiteful boycott of the Moscow Olympics in 1980.

If we wind the clock back to the Munich Games in 1972 – the last occasion on which the Olympics were not affected by boycott – we can start to grasp the scale of the challenge confronting the British team in Seoul. 1972 was the year of Borzov, Viren, Keino, Akii-Bua, Stecher, *etc*. In 1972, Britain won just four athletics medals: one gold (Mary Peters), one silver (men's 4 x 100 metres relay) and two hronze (Ian Stewart and David Hemery).

Britain also won four athletics medals in Mexico in 1968, which was the year of Tommie Smith, Davenport, Fosbury, Seagren, Beamon, Matson, Toomey, Szewinska, etc. In 1968, Britain won one gold medal (David Hemery), two silver (Lillian Board and Sheila Sherwood) and one hronze (John Sherwood). We're slipping, citizens, desplte our vaunted strength in men's middle-distance running, which is prohahly ehhing, and our *momentary prominence* in the women's javelin.

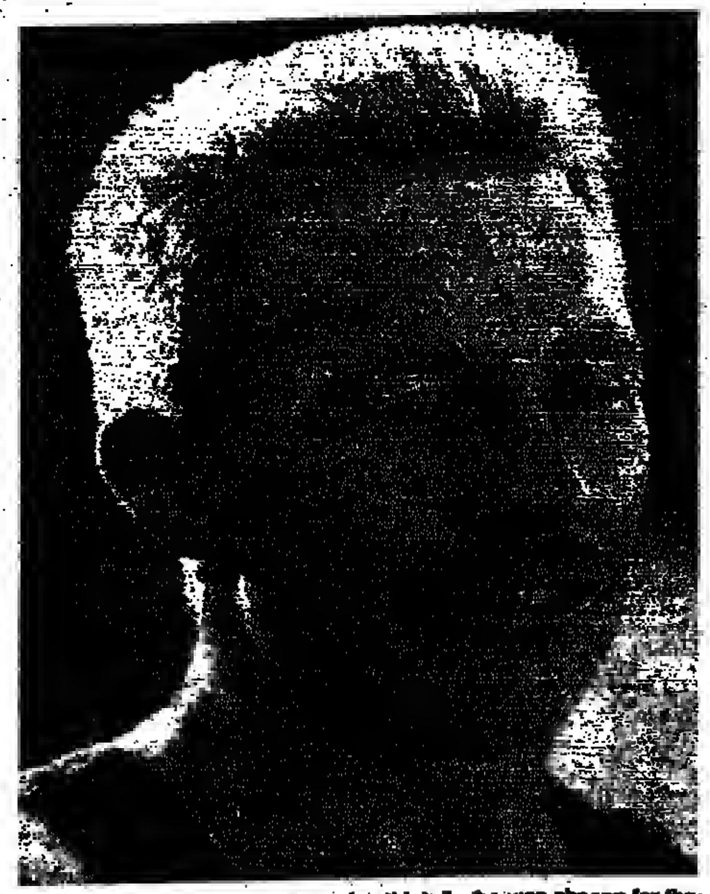
This does not worry me. I believe in Higher, Further, Faster; in Purity of Motion, Supremacy of the Body, Cleanliness of Mind – not in squalid medal counts, tunes, flags, pigeons (they don't use doves, although I suppose the Koreans could afford to) and steroid-pumped professionals in this sport or that.

The London tabloids will be shocked and horror-struck, though. Indeed, if their treatment of the great-but-eclipsed Sebastian Coe last weekend is any guide, the tabloids will call for massive retribution if Britain fails to win more than about six athletics medals in Korea. I cannot bear to think of it.

If you remember, 10 days ago there was an astonishing amount of whingeing in the quality newspapers, and among some of the tabloids, about the alleged unfairness of the selection process in use in Birmingham. The whingeing was loudest from the Coe camp and its hangers-on (there were reasons for this, which we need not go into). It was claimed that the new selection formula (first two past the post, plus a third spot at the selectors' discretion) was unfair to a mega-star like Coe who was timing his preparations to a Seoul deadline, not that of the trials.

In the event, poor Coe came down from high altitude in Switzerland, flopped in Birmingham and was not named in the team. The selection formula was vindicated almost entirely. Justice was done, and seen to be done – which was the whole point, really.

But how the tabloids savaged poor Seb in that tantalising interlude between the close of the trials and the naming of the team. "Don't pick Coe" was the headline in the *Express*. "What a nerve! Elliott fury at Coe showdown plan" screamed the *Star*, referring to Peter Elliott, the "working man's athlete," who *was* named for the team. The *Sun* concurred: "Elliott: I'll not race off with Seb the flop." The *Mail* was sedate: "End of the era," it said, with dignity. But the *Mirror* put the boot in with "Stuff Yon Coe." It was all terribly distressing. Of course, Sebastian will survive – comforted by bis money, his memories, his medals and his opinions. We shall not forget him. He could become Minister for Sport and Stately Homes. But hrace yourselves for Seoul. It is going to get tricky. I think it will turn nasty. The GMPs will see to that.



Peter Elliott, the "working man's athlete" who was chosen for the Seoul Games instead of fallen middle-distance star Sebastian Coe

A leisurely non-event

***Teresa McLean** meditates on the state of county cricket*

BEING A ROMANTIC at beart, I didn't need a second invitation wben my husband suggested we sbould go to see if county cricket was still the heart of the Englisb game. All through my childhood, I was assured of the subtleties and quiet glories of county cricket by old stalwarts who watched every minute of its three-day non-events.

This was my chance to remind myself how rigbt they were, hecause our nearest county game looked like being the supreme non-event: two unremarkahle teams, Northants and Sussex, with the forecast showery and the game on course for an almost-certain draw. So off we went.

The Northampton cricket ground is also tbe football ground, with buge floodlights at the four corners, red-brick bouses round the edges, a dark, empty stand of football terracing, and a little scorers' hox in 1930s' Tndor hlack-and-white. The pavilion is modestly resplendent in dark red, the county colour. It cost £1 to park the car and nothing to watch the game, try as we might to pay the white-coated men who stood bere and there, smiling and refusing money. The whole place had a friendly, provincial air.

There was a small crowd, only a few bundred, but with Northants 115 runs ahead after the first innings and only one day to make a win of it, only connoisseurs and fanatics could have been expected.

Amid the multitude of old men, there was a little knot of Sussex adolescents in front of us wbo didn't fit readily into either category hut could have been described as Sussex patriots. With Lenham and Wells batting very well against a bostile attack, they celebrated Lenham's good timing and Wells's helligerence with a series of soccer-style chants and hand-claps. The morning belonged to the batsmen but the scoring rate was never fast enough to make a Sussex victory against the odds look possible.

It was because a result never really looked likely that we were at leisure to enjoy the play on its own merits, free of Test match and one-day concentration on victory. Winston Davis and Mark Rohinson bowled fast, Rohinson with quite a bit of outward movement off the seam and sharp, hostile bounce.

He is only 21 and three years ago went to Bermuda with the North of England Under-19 team, an obscure introduction to international cricket but one that the locals cited knowingly before coming out with comments about the possibility of Robinson being "a lad with a future." Still, as one of these sages remarked to a fellow sage next to us: "All we need worry about today is how he plays today" – a spectator's echo of modern cricket's well-worn theme that too much pressure stifles talent.

The solution? Apart from the standard one of playing fewer games, the only one I could think of on the spur of the moment was for both players and supporters to join a mediocre club, the struggles of which often end in peaceful draws. Bnt tact forbade the sounding-ont of this notion among the locals. In any case, I was woken out of my meditations on the excellence of leisurely cricket when Lenham ran himself out for 52 just before noon. A wicket had fallen, a strokemaker had gone, and from now on there was a bit more of a one-day climate.

Perhaps it was partly the effect of Capel replacing Robinson with the defensive medium pace so typical of one-day cricket, and partly the effect of tubby Richard Williams replacing Davis at the other end, conveying a sense of one-day urgency with his fast off-spin bowled off a fast run-up, his little legs shnttling like pistons.

Lunch was an appalling experience for the crowd, but evidently an invigorating one for Northants: their bowlers were on top from then on, althongh never enongh to make a match of it – only an entertaining day's play.

We managed to have that because there were two stoppages for rain and both were treated as trivial by umpires and ground staff alike. Within two minutes of the rain stopping, the umpires came out in their working kit, inspected the soaking turf and the fungus-grey sky and ordered the covers off. Rememhering the megalomaniac sauciness of Test umpires and the hours I spent at Test matches this summer sitting in the sun, being told how damp conditions were, I particularly appreciated this approach: if it stops raining, play.

My enthusiasm was shared by the old man next to us, who had taken an old lady friend out for the day. With upper lips stiff, probably from cold as much as three days' stoicism, they took folding chairs out of the car where they had been sheltering from the downpour, swathed themselves in anoraks and blankets, and settled down to watch the rest of the day's play and eat ice-creams.

There was a brief period after lunch when it looked as if Northants might be able to squeeze out a victory, Sussex going quickly from 175-4 to 207-8. But after that, after the rain and an early tea, the game lost all momentum and finally was called off an hour early.

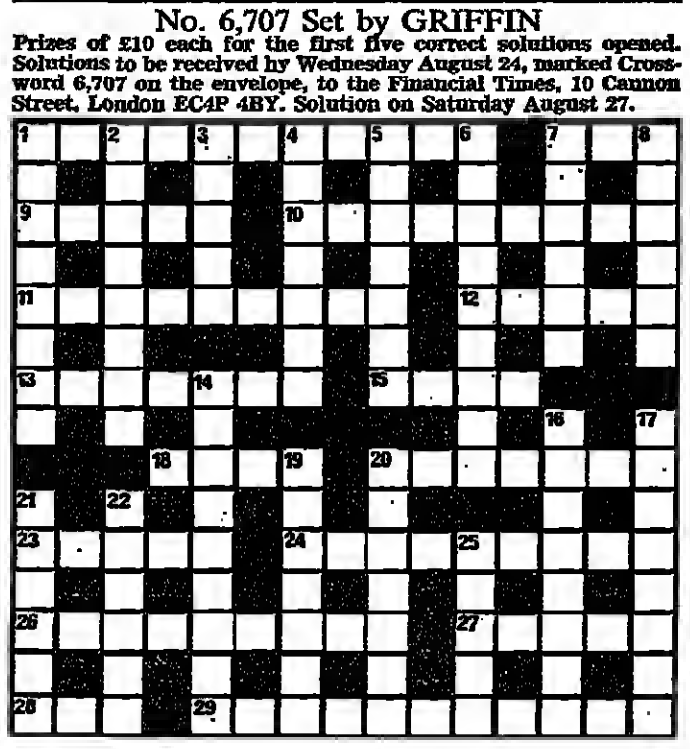
Luckily, I hadn't gone in hope of momentum, rather the opposite. I had plenty of time, especially during the last moribund minutes of the match, to reflect on the fact that the players who looked to be enjoying the game, or at least trying to enjoy it, seemed to be the ones playing hardest and best.

Rohinson was the obvious example of this for Northants, Lenham for Sussex. By contrast, Capel was the best example of a bored and uninterested player for Northants, Imran for Sussex. Imran batted with an air of disdain, exchanging an occasional word with Larkins in the slips. Larkins was the happy, or at least resigned, medium between the two extremes. He looks like a shaggy sheep and that is just about bow he played. A typical county cricketer.

CROSSWORD

No. 6,707 Set by GRIFFIN

Prizes of £10 each for the first five correct solutions opened. Solutions to be received hy Wednesday August 24, marked Crossword 6,707 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday August 27.



ACROSS

1 Often taken to Brazil when teachers get mad (11)
7 From Sunday 28 remove beater (3)
9 Whacked it back, looking angry (5)
10 Officer from ship having a ride round (9)
11 Hunt soldier in crowd (9)
12 Dismissed party is overcome (5)
13 Starting to develop sodium with fragrance (7)
15 Queue of volunteers one left behind (4)
18 On the way back paid for spring (4)
20 Turn aside when trim soldier turns in (7)
23 By morning everyone's backing a wool supplier (5)
24 AA cost is upsetting key partner (9)
26 Order use of peer's form with copy inserted (9)
27 Giving all details of cut-back to court (5)
28 Time to get 7 across, missing from Sunday (3)
29 Greene novel in old-fashioned cover deteriorated (11)

DOWN

1 Mentioning tonic ordered with gin perhaps (8)
2 Bitterness of sailors told to go back inside (8)
3 Broadcasting nothing after a bad raid (5)
4 Jazz fan introducing strip show (7)
5 Clear disreputable bar up by the hospital (7)
6 Squeal as one is rolled in food additive (9)
7 If in quiet back street, moves (6)
8 Point to old missile contract (6)
14 Decent sort rushed in, fascinated (9)
16 Power unit for game designed hy famous engineer (8)
17 Insisted upon key to lock up in time (8)
19 Mr Freoch has false gen in a sense (7)
20 Make out diners are shivering with cold inside (7)
21 Was inclined to have rushed round, see! (6)
22 Hardly depend on Jack turning up first (6)
25 Settle for the continental vehicle outside (5)

Solution to Puzzle No.6,706

HOWNOW BROWNCOW
E I L U H O H
NITRIC ABSOLUTE
P T V L Y O G A
EPIDEMIC UPSHOT
C C R V C I E
KNIT ROLLINGPIN
S S R O G A
SYMPHONIST DRUM
C I O U G O E
AUFOND GREENTEA
R E G T E R I S
LOVELORN AMATOL
E E E E A I E
THRESHER ENOSIS

Solution and winners of Puzzle No.6,695

Mr and Mrs J.P. Harding, Blackburn, Lancashire; Mr J.C. Marsden, Tunbridge Wells, Kent; Mr James Mayson, Piraeus, Greece; Miss J.M. Prior, Parkstone, Dorset; Mr J.A. Starling, Ipswich, Suffolk.

INTERIOR MINGLE
N E O C T A S
FANATICS DEBRIS
E A T A R R A
CANOEIST FAMILY
T T R I A T S I
BOISTEROUS
P A C N C D N T
AGGRAVATED
S N R L R F S A
SOONER STERLING
W S W A I L R
OPTION VIENNESE
R I R N G N E
DECENT ASSENTED

TELEVISION & RADIO

SATURDAY

†Indicates programme in black and white

BBC1

8:25 am The Kid. 8:30 The Family-Ness. 8:35 The Muppet Babies. 9:00 Up 2U. 10:55 Cartoon. 11:05 Film: "Don't Change My World" (1978). 12:27 pm Weather. 12:30 Grandstand including 12:35 Golf (The US PGA Championship from Oklahoma, and the Women's Open Championship from Worksop); 1:00 News; 1:05 Golf; 2:00 Racing from Newbury; 2:05 Canoeing; 2:30 Racing from Newbury; 2:35 Truck Racing from Silverstone; 3:05 Canoeing; 4:00 Cycling: (National Track Championships from Leicester); 4:20 Truck Racing; 4:45 Olympics (A look at the rowing teams for this year's event in Seoul); 4:55 Final Score.

5:05 News. 5:15 Regional Programmes. 5:20 First Class. 5:45 Film: "Flipper" (1963) with Chuck Connors. 7:15 Michael Barrymore's Saturday Night Out. 8:00 Film: "Carry On Doctor" (1968) with Frankie Howard, Kenneth Williams, Hattie Jacques, Sidney James, Charles Hawtrey, Joan Sims and Barbara Windsor. 9:30 News and Sport. 9:45 Call Me Mister. 10:40 US PGA Golf Championship. 12:00 Film: "Shimmering Light" (1978) with Beau Bridges.

BBC2

12:50 pm Saturday Cinema: "Sylvia Scarlet" (1935) with Katharine Hepburn and Cary Grant. 4:15 "Kitty Foyle" (1941) with Ginger Rogers, James Craig and Dennis Morgan. 6:00 Bad Blood. 6:40 Newsview. 7:20 "Madama Butterfly": Puccini's opera in Keita Asari's production from La Scala, Milan, conducted by Lorin Maazel. 9:45 Film: "Heimat" (part 8). 11:30-1:35 am Film: "Deadly Run" (1983) with Isabelle Adjani and Michel Serrault (French with English subtitles).

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Get Fresh. 11:30 Punky Brewster. 12:00 Wrestling. 1:00 pm News. 1:05 Local News and Weather followed by Film: "Bhowani Junction" (1956) with Ava Gardner, Stewart Granger and Bill Travers. 3:15 International Football. 5:30 News from ITN. 5:35 Local News and Weather.

5:40 Cue Gary. 6:10 Champion Blockbusters. 7:00 The Kate Robbins Show. 7:30 Tarby's Frame Game. 8:00 Summertime Special. 9:00 News and Sport. 9:15 Weather. 9:20 Film: "The Odessa File" (1974) with John Voight and Maximilian Schell. 11:45 Film: "Satan's School for Girls" (TVM 1973) with Pamela Franklin and Roy Thinnes, followed by ITN News Headlines. 1:00-6:00 am Night Network.

CHANNEL 4

9:30 am Making The Most Of. 10:00 Moneyspinner. 10:30 Film: "The Gang's All Here" (1943) with Alice Faye, Carmen Miranda and Benny Goodman and his Orchestra. 12:25 pm Madcap Magoo. 12:30 Empress Wu. 1:00 The Schooner. 12:00 Film: "Dragon Seed" (1944) with Katharine Hepburn and Walter Huston. 14:45 The Three Stooges. 5:05 Brookside Omnibus. 5:00 Joseph Needham.

7:00 News Summary; Weather; Odyssey. 2:00 Coming of Age. 9:00 Film: "Reflections" (TVM 1983) with Gabriel Byrne. 10:55 Pro-Cycling: Kellogg's Tour of Britain. 11:55 After Dark: discussion on money and the new materialism with guests including Financial Times journalist Samuel Brittan.

S4C WALES

As Channel 4 except: 9:25 am Right Talk. 10:15 What the Papers Say. 10:30 Women in View. 11:00 Moneyspinner. 11:30 Held in Trust. 12:00 Teeara Kinara. 12:30 pm The Making of Britain. 1:00 I Belong, Therefore I am. 12:00 Film: "100 Men and a Girl" (1937) with Deanna Durbin. 3:30 Feature Film: "Three Smart Girls". 9:00 Glasgow, By the Way. 6:00 Joseph Needham.

7:00 The Planets. 7:35 Newyddion. 7:50 Campeto. 8:20 Rargian Fawr Etoi 9:05 Resio. 9:35 True Stories.

IBA Regions as London except at the following times:

ANGLIA

11:30 am Knight Rider. 1:00 pm Anglia News, followed by The Fall Guy. 2:00 Film: "The Big Country" (1958) with Gregory Peck, Jean Simmons and Charlton Heston. 5:05 pm Anglia News, Sport and Weather. 5:10 ALF. 11:45 Pop Profile. 12:00 Journey to the Unknown.

BORDER

11:30 am America's Top Ten. 12:00 Crown Green Bowling. 1:00 The Man from UNCLE. 2:00 Crown Green Bowling. 5:10 ALF. 11:40 Worlds Beyond.

CENTRAL

11:30 am Mr Merlin. 1:05 pm The 1988 Calgary Stampede. 2:00 Film: "The Big Country" (1958) with Gregory Peck, Jean Simmons and Charlton Heston. 5:10 ALF. 12:00 Prisoner: Cell Block H. 12:40 am Film: "Captain Kronos – Vampire Hunter" (1972) with Horst Janson and John Carson, followed by ITN News Headlines. 2:20 Europe's Top Ten.

CHANNEL

11:30 am Terrahawks. 1:05 pm International Survival of the fittest. 1:35 Film: "Balham: Gateway to the South" (1979). 9:00 Film: "The Big Country" (1958) with Gregory Peck, Jean Simmons and Charlton Heston. 5:10 Love Me Love Me Not.

GRAMPIAN

11:00 am Freagair Seo. 1:05 pm The Fall Guy. 2:00 Film: "The Big Country" (1958) with Gregory Peck, Jean Simmons and Charlton Heston. 5:10 Child's Play. 11:45 First Exposure. 12:15 am Reflections.

GRANADA

11:30 am Terrahawks. 12:00 Crown Green Bowling. 9:00 pm Crown Green Bowling. 5:05 Woody Woodpecker. 5:10 Punky Brewster. 11:45 Kojak. 12:45 am Film: "Night Kill" (1981) with Robert Mitchum.

HTV

11:30 am America's Top 10. 1:05 pm The Fall Guy. 12:00 Film: "The Saint's Girl Friday" (1953) with Louis Hayward. 12:05 Film: "The Malta Story" (1953) with Alec Guinness, Jack Hawkins and Anthony Steel. 5:10 ALF. 11:40 Film: "The Eagle Has Landed" with Michael Caine, Donald Sutherland, Jenny Agutter, Donald Pleasence and Anthony Quayle.

SCOTTISH

11:30 am America's Top Ten. 1:05 pm The Fall Guy. 2:00 Film: "The Big Country" (1958) with Gregory Peck, Jean Simmons and Charlton Heston. 5:10 pm Give Us A Clue. 11:40 Kojak, followed by ITN News Headlines. 12:40 am Film: "Night Kill" (1981) with Robert Mitchum.

TSW

11:27 am Gus Honeybun's Magic Birthdays. 11:30 The South West Week. 1:00 pm The Fall Guy. 2:00 Film: "The Big Country" (1958) with Gregory Peck, Jean Simmons and Charlton Heston. 5:05 Newsport. 5:10 Child's Play. 11:45 Kojak. 12:40 am Postscript.

TVS

11:35 am Terrahawks. 1:05 pm Survival of the Fittest. 1:35 Film: "Balham: Gateway to the South" (1979). 6:00 Film: "The Big Country" (1958) with Gregory Peck, Jean Simmons and Charlton Heston. 5:10 Love Me, Love Me Not.

TYNE TEES

11:00 am America's Top Ten. 1:05 pm The Fall Guy. 2:00 Film: "The Big Country" with Gregory Peck, Jean Simmons and Charlton Heston. 5:10 ALF. 11:40 Sammy Davis Jnr Concert for UNICEF recorded on July 4, 1985, at the Théâtre des Champs Elysées in Paris. 12:40 am Inner Space. 12:50 Jobfinder.

ULSTER

11:30 am The Adventures of Mike. 1:05 pm The Fall Guy. 2:00 Film: "The Big Country" (1958) with Gregory Peck, Jean Simmons and Carroll Baker. 5:05 Ulster Newstime. 5:10 ALF. 9:17 Ulster Newstime. 11:40 Ricky Nelson and Fats Domino. 1:10 am Ulster Weather.

YORKSHIRE

11:30 am Cricket. 1:05 pm Cricket. 5:10 Child's Play. 11:40 Crazy Like a Fox. 12:40 am Film: "House of Wax" (1953) with Vincent Price.

(S) Stereo on FM

BBC RADIO 2

8:05 am David Jacobs. 9:00 Sounds of the 60s with Bobby Winton. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:00 pm Wise on the Wireless. 1:30 Sport on 2, including: Soccer (Four Team Tournament at Wembley); Golf (US PGA Tournament from Oklahoma); Racing from Newbury; Hockey (Pre-Olympic Tournament from Holland); Cricket (Britannic Assurance Championship matches and news of Surrey v Sri Lanka). 6:00 Cinema Two. 6:30 Jukebox Saturday Night. 7:00 Three in a Row. 7:30 Some Enchanted Evening. 9:30 String *Sound*. 10:05 *Martin Kelner*. 12:05 am Night Owls. 1:00 Ellis Hill presents Nightride. 3:00 A Little Night Music.

BBC RADIO 3

7:00 am Morning Concert. 8:30 News. 9:30 Bach: Klavierubung. 9:30 Interpretations on Record. 10:30 Record Release. 1:00 pm News. 1:05 Liszt and the Piano. 1:35 Sherban Lupu and Claude Cymerman play violin sonatas by Enesco and Ysaye, and Saint-Saens' Etude en forme de valse in Ysaye's arrangement. 2:20 Toscanini Conducts the NBC (mono): Rossini (Overture: The Barber of Seville), Beethoven (Symphony No 2, and Piano Concerto No 1 with Ania Dorfmann), Brahms (Symphony No 3). 4:25 Debut (piano).

5:00 Jazz Record Requests with Peter Clayton. 5:45 The Grand Seasons: Opera at Covent Garden between the wars (part 4). 6:30 Academia Wind Quintet of Prague. 7:15 "The Life of Art": story by Helen Garner. 7:30 Proms '88: Australian Youth Orchestra cond by Charles Mackerras, with Leslie Howard (piano) part 1: Janacek (Taras Bulba), Ross Edwards (Piano Concerto). 8:15 Idee Fixe: Berlioz' memoirs and letters relating to the composition of the Symphonie fantastique. 8:35 Proms '88, Part 2: Berlioz (Symphonie fantastique).

9:45 Panocha String Quartet. 11:00 Book, Music and Lyrics: Robert Cushman on musicals. 12:00-12:05 am News.

BBC RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport on 4 with Cliff Morgan. 9:30 Breakaway. 10:00 News: Out of Order. 10:30 America – The Movie (s). 11:00 News: Talking Politics. 11:30 From Our Own Correspondent. 12:00 A Small Country Living. 12:25 pm Whose Line is it Anyway? (s). 1:00 News. 1:10 Towards 2000 with the Radio 4 Generation. 1:55 Shipping Forecast. 2:00 News: Consuming Passions. 2:45 The Best of Morning Story. 3:05 News: "The Hallelujah Blues": Play by Tony Dennis (s).

4:30 Science Now. 5:00 Prophets Returned. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News, including Sports Round-up. 6:25 Citizens (s). 7:10 In the Psychiatrist's Chair. Dr Anthony Clare talks to Ken Russell. 7:45 Saturday Night Theatre (s): "More Work for the Undertaker" by Margery Allingham. 9:15 Music in Mind (s). 9:30 Ten to Ten (s). 9:59 Weather. 10:00 News. 10:15 The Saturday Feature. 10:45 A Sideways Look At... with Anthony Smith. 11:00 When Housewives Had the Choice? 12:00-12:30 am News.

SUNDAY

†Indicates programme in black and white

BBC1

8:55 am Play School. 9:15 Umbrella. 9:30 This is the Day. 10:00 Film: "Sunstruck" (1972) with Harry Secombe. 11:30 Cartoon. 11:40 Having a Baby. 12:10 pm Sign Extra. 12:30 Country File. 1:30 News. 1:00 Bonanza. 1:50 Cartoon.

2:00 EastEnders. 3:00 Film: "The Last Hunt" (1955) with Stewart Granger and Robert Taylor. 4:40 Head of the Class. 5:05 Rolf Harris Cartoon Time. 5:30 The Living Planet. 9:25 News. 6:40 Songs of Praise. 7:15 A Question of Entertainment. 7:45 Master of the Game. 10:00 News. 10:00 Everyman: A Place Like Hungerford. 11:20 Heirs and Graces. 11:50 Golf: Coverage of today's play in the US PGA Championship from Oklahoma.

BBC2

1:00 pm Hawk of the Wilderness. 1:20 Cartoon. 1:30 Sunday Grandstand featuring: 1:35 Eventing (The Barbour British Open Championships from Gatcombe Park, Gloucestershire); 3:00 Cricket (Sussex v Lancashire from Hove in the Refuge Assurance League); 4:00 Eventing; 5:00 Cricket; 6:30 Golf (Highlights of the 3rd round of the US PGA Championship from Oklahoma.)

6:50 Rough Guide to Europe: Copenhagen. 7:45 The RKO Story – Tales from Hollywood. 8:45 Film: "Young at Heart" (Oscar-winning documentary). 9:15 Edinburgh International Festival: opening concert. 10:30 Moviedrome. 10:32-12:25 am Film: "One From The Heart" (1982) with Frederic Forrest and Terri Garr.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 International Football. 10:30 The Campbells. 11:00 Morning Worship. 12:00 Jobwatch. 1:00 pm Local news and weather. 1:00 Cartoon Time. 1:15 The Care Bears. 1:40 Link. 2:00 Stars and Steeples. 2:30 International Athletics: Dairy Crest Games.

4:30 International Football. 9:25 News From ITN. 6:30 Local News and weather. 9:30 Appeal. 6:40 Olai-A-Hymn. 7:15 Through the Keyhole. 7:45 Classmates. 8:15 Clive James on Television. 9:15 News from ITN. 9:25 Local weather. 9:30 The ITV Play: Chekhov in Yalta, with Tom Courtenay, Ronald Pickup and Diana Quick. 11:00 Men on Violence. 11:30 The Bretts. 12:30 am International Football, followed by ITN News headlines. 1:30-3:00 Night Network.

CHANNEL 4

9:25 am Teesra Kinara. 9:30 Settlers' Tales. 10:00 Strangers Abroad. 11:00 Network 7. 1:00 pm Wired. 12:00 Lost in Space. 13:00 Film: "Blowing Wild" (1953) with Gary Cooper and Barbara Stanwyck. 4:40 World of Animation. 4:55 News summary and weather. 6:00 Hot House People.

6:00 Kellogg's Pro-Cycling Tour of Britain. 7:15 Equinox: How Good is Soviet Science? 8:15 Man and Music: Georgian London. 9:15 The Dame Edna Experience. 10:05 Film: "Hour of the Gun" (1967) with James Garner, Robert Ryan and Jason Robards. 12:00 Cinema from Three Continents: "The Blood of Hussain" (1980).

S4C WALES

As Channel 4 except 10:00 am Lessons for Profit. 1:00 pm Strangers Abroad. 12:00 Film: "All the King's Men" (1949) with Broderick Crawford. 4:00 Coming of Age. 5:00 Equinox. 6:00 Kellogg's Pro-Cycling Tour of Britain. 7:20 Newyddion. 7:30 Margaret Williams. 8:00 Mwynhau'r Pethe. 8:30 Arwyddion Hai. 9:00 Cwch O'R Enw Corwynt.

IBA Regions as London except at the following times:

ANGLIA

9:25 am Cartoon Time: Tweetie Pie. 9:30 The Adventures of Teddy Ruxpin. 10:00 Get Fresh. 1:00 pm Link. 1:15 The Vet. 1:30 Anglia News. 1:35 Weather Trends. 1:30 Farming Diary. 4:30 Hart to Hart. 9:25 Wildwatch. 6:00 All Clued Up. 12:30 am For the Honour of their Country.

BORDER

9:25 am Cartoon Time. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh. 1:00 pm Farming Outlook. 1:30 Border News. 1:35 Cartoon. 1:40 Link. 4:30 Mr & Mrs. 5:00 Highway to Heaven. 6:00 All Clued Up.

CENTRAL

9:25 am Cartoon Time. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 1:00 pm Central News. 1:05 Gardening Time. 1:45 Link. 4:30 All Clued Up. 6:00 Film: "For the Love of Benji" (1977) with Peter Bowles. 12:30 am Prisoner: Cell Block H. 1:30 Donahue. 2:25 Les Miserables.

CHANNEL

9:30 am Sunday with Get Fresh. 9:25 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 1:30 pm Link. 1:15 Les Francais Chez-Vous. 1:35 Cartoontime. 4:30 Cartoon. 4:40 Skiing with Anneka Rice. 9:25 The Good Life Guide. 5:55 All Clued Up.

David Thomas in an excerpt from Handel's "Acis and Galatea" on Man and Music: Georgian London — Channel 4 at 8.15 pm

GRAMPIAN

9:25 am Cartoon. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 11:00 America's Top Ten. 11:30 For the Honour of Their Country. 1:00 pm Farming Outlook. 1:30 Grampian Headlines. 1:35 Cartoon. 1:40 Link. 4:30 Jimmy Greaves. 5:00 Scotsport. 9:00 All Clued Up. 12:30 am Reflections.

GRANADA

9:25 am Cartoon: Tweety Pie. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 1:00 pm Members Only. 1:05 Action Point: This is Your Right. 1:25 Aap Kaa Hak. 4:30 The Spare Tyres. 5:00 All Clued Up. 9:30 Highway to Heaven. 11:30 Prisoner Cell Block H, followed by ITN News Headlines. 12:30 am Donahue.

HTV

9:25 am Twenty Pie. 9:25 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 1:00 pm HTV News. 1:05 West Country Farming, followed by Weather for Farmers. 1:35 Cartoon Time. 1:45 Link. 4:30 Who's The Boss? 5:00 Highway to Heaven. 6:00 All Clued Up. 11:30 The Silk Road.

SCOTTISH

9:35 am The Adventure of Teddy Ruxpin. 10:00 Get Fresh Sunday. 11:00 Knight Rider. 11:30 Farming Outlook. 1:00 pm The Jacksons. 1:30 Canadian Documentary. 4:30 Jimmy Greaves. 5:00 Scotsport. 6:00 All Clued Up. 11:30 Columbo. 12:30 am Late Call. 12:30 Donahue, followed by ITN News Headlines. 1:35 Film: "Aces High" (1976) with Malcolm McDowell, Christopher Plummer and Simon Ward.

TSW

9:35 am Cartoon Time. 9:35 The Adventures of Teddy Ruxpin. 10:30 Gardens for All. 1:00 pm Farming News. 1:30 Out of Limits. 4:35 The Campbells. 4:47 Gus Honeybun's Magic Birthdays. 2:00 Highway to Heaven. 9:55 All Clued Up. 12:30 am Sunday Review.

TVS

9:25 am Sunday with Get Fresh. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 1:00 pm TVS News. 1:05 Link. 1:20 Getting in on the Act. 1:35 Cartoon Time. 1:57 TVS Weather and Farming Weather. 4:30 Cartoon. 4:40 Skiing with Anneka Rice. 5:25 The Good Life Guide. 5:55 All Clued Up. 12:30 am For the Honour of Their Country.

TYNE TEES

9:25 am Hello Sunday. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 1:00 pm Farming Outlook. 1:30 Regional News. 1:30 Link. 1:50 Cartoon Time. 5:00 Short Story Theatre. 5:30 Highway to Heaven. 12:30 am Inner Space. 12:40 Jobfinder.

ULSTER

9:35 am Cartoon Time. 9:55 The Adventures of Teddy Ruxpin. 10:00 Get Fresh. 1:00 pm Ulster Newstime. 1:00 Gardening Time. 1:43 Farming Weather. 1:45 Link. 4:30 Play Better Squash. 5:00 Wings – Smoke On Go ... The Red Arrows. 6:00 All Clued Up. 6:35 Ulster Newstime. 9:27 Ulster Newstime. 11:30 GAA Football 12:30 am Sports Results. 12:35 Ulster Newstime.

YORKSHIRE

9:25 am Cartoon Time. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 1:00 pm Calendar News and Local Weather followed by Five Minutes. 1:10 Link. 1:25 Farming Diary. 4:30 Film: "For the Love of Benji" with Patsy Garrett and Cynthia Smith. 5:55 All Clued Up. 12:30 am ITN News Headlines followed by Film: "Hockey Night" with Megan Fellows. 2:00 Night Gallery. 2:30 ITN News Headlines, followed by Taxi.(S) Stereo on FM

BBC RADIO 2

7:30 am Roger Royle says "Good Morning Sunday." 9:05 Melodies For You. 11:00 Desmond Carrington with Your Radio 2 All-time Greats.

FM Stereo Radios 1 and 2.

2:05 pm Stuart Hall's Sunday Sport. 3:00 Alan Dell with Sounds Easy. 4:00 BBC Concert Orchestra Showcase. 4:30 Sing Something Simple. 6:30 Peter Haigh. 7:35 Personal Choice. 8:30 My Hymns. 9:00 Your Hundred Best Tunes. 10:05 Songs from the Shows. 10:45 Howard Blake and Tony Hymas at the Piano. 11:00 Steve Voce presents "Sounds of Jazz." 1:00 am Ellis Hill presents "Nightride." 3:00 A Little Night Music.

BBC RADIO 3

7:00 am The Wind Players. 7:30 News. 7:35 The Beethoven Piano Sonatas. 8:30 News. 8:35 Your Concert Choice. 10:30 The Week at the Proms. 10:45 Istanbul Festival: BBC Philharmonic Orchestra with Alexander Baillie (cello): Berlioz (Overture: The Corsair), Walton (Cello Concerto); (11:30 Filiz Ali, *Prof of Music at the Turkish State Conservatory, talks about Turkish musical life*); 11:30 Tchaikovsky (Symphony No 6, 'Pathetique').

12:30 pm Fretwork with Christopher Wilson (lute). 1:35 "Don Giovanni": Recording of Mozart's opera in Giorgio Strehler's new production at La Scala, Milan, conducted by Riccardo Muti, with Thomas Allen in the title role (sung in Italian). 5:00 Celebrity Recital. 6:20 Beppo: Alec McCowan reads Byron's comic poem.

7:00 A Summer Evening's Idyll. 7:30 Proms 88: London Mozart Players with Ingrid Haebler (piano), and Anthony Rolfe Johnson (tenor): Kodaly (Summer Evening), Mozart (*Piano Concerto No 27*); (8:25 *Peter Porter on the relationship of poetry to music, with reference to Britten's 'Nocturne'*); 8:45 Britten (Nocturne), Prokofiev (Symphony No 1, 'Classical'). 9:40 North and South: talk. 10:00 Goetz and Raff: Rosemarie Wright (piano). 10:30 Choral Evensong. 11:30 The Lark Ascending by Vaughan Williams, and historic recordings by the work's dedicatee, violinist Marie Hall, of Mendelssohn and Raff. 12:00-12:05 News.

BBC RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 On Your Farm. 7:40 Sunday, including 7:55 Weather. 8:00 News. 8:10 Sunday Papers. 8:50 The Week's Good Cause. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter from America by Alistair Cooke. 9:30 Morning Service (s). 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week (s).

12:15 pm Desert Island Discs (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 The Gardening Quiz (s). 2:30 On A Plate: Play by Steve May (s). 3:00 The Literary Walks. 3:30 The Christian Centuries.

4:00 Victoria. 4:47 Remembrance of Gigs Past. 5:00 Down the River Tay. 5:30 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback. Chris Dunkley airs viewers' comments about BBC programmes. 6:30 A Good Read. 7:00 International Assignment. 7:30 A Change in the Weather (s).

8:30 Enterprise. 8:30 Soundings. 9:05 News: The Village. 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 After Simon. 11:00 Travellers' Tales. 11:30 Seeds of Faith (s). 12:00-12:30 am News.